



COMMISSION ACTION REPORT

Discussion and Possible Action to recommend Adoption of Resolution No. 8960, approving and authorizing contract No. 2012-009-COS with Scottsdale Exclusive Transportation, LLC, a lease agreement for office space and aircraft parking spaces at the Scottsdale Airport Terminal building.

Agenda Item No.: 2

Meeting Date: 02/08/2012

Staff Contact: Shannon Johnson ,
Management Analyst

Phone: (480) 312-8475

ACTION

Airport Advisory Commission consider recommending that the City Council ADOPT Resolution No. 8960 approving and authorizing contract No. 2012-009-COS with Scottsdale Exclusive Transportation, LLC, a lease agreement for office space and aircraft parking spaces to conduct FAR Part 135 on-demand charter services at the Scottsdale Airport Terminal Building.

PURPOSE

The approval and authorization of the lease agreement allows Scottsdale Exclusive Transportation, LLC to occupy commercial office space and 2 dedicated aircraft parking spaces at the Scottsdale Airport Terminal building to conduct aircraft charter services.

KEY CONSIDERATIONS

- The commercial office space being leased sat vacant for a number of years.
- The Lessee plans to conduct significant tenant improvements to both the Premises and common areas within the terminal building.
- Under the proposed lease agreement the City will receive the greater of a monthly Base Rent of approximately \$7,000 or Passenger Rent of \$4.00 per enplane or deplane passenger at the Airport.
- The Lessee will be required to obtain Aeronautical Business Permit for aircraft charter services prior to operation and pay the appropriate fees.
- The term of the lease agreement is seven (7) years, with three (3) one-year options for a total of ten (10) years.

Attachment(s): 1. Resolution No. 8960
2. Contract No. 2012-009-COS

Action Taken:

RESOLUTION NO. 8960

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE,
MARICOPA COUNTY, ARIZONA, AUTHORIZING LEASE AGREEMENT NO.
2012-009-COS BETWEEN THE CITY AND SCOTTSDALE EXCLUSIVE
TRANSPORTATION, LLC FOR ON-DEMAND CHARTER SERVICES AT THE
SCOTTSDALE AIRPORT

Scottsdale Exclusive Transportation, LLC (SET) desires to provide on-demand, FAA Part 135 charter service out of the Scottsdale Airport Terminal building; and

The City and SET desire to enter into a Lease for it charter operations in the Airport Terminal building.

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1. The Mayor of the City of Scottsdale is authorized and directed to execute Lease No. 2012-009-COS between the City and Scottsdale Exclusive Transportation, LLC for Part 135 on-demand charter services from the Airport Terminal building.

PASSED AND ADOPTED by the Council of the City of Scottsdale this ____ day of February, 2012.

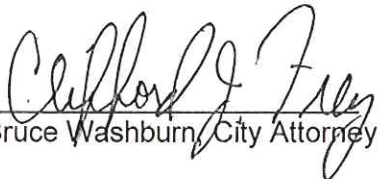
ATTEST:

CITY OF SCOTTSDALE, an
Arizona Municipal Corporation

Carolyn Jagger, City Clerk

W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:


Bruce Washburn, City Attorney

By: Clifford J. Frey
Senior Assistant City Attorney

WHEN RECORDED, RETURN TO:

City of Scottsdale
One Stop Shop/Records
(Aviation Director)
7447 E. Indian School Road, Suite 100
Scottsdale, AZ 85251

Contract No. 2012-009-COS
Resolution No. 8960

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Agreement") is made and entered into this ____ day of _____, 2012, by and between the CITY OF SCOTTSDALE, an Arizona municipal corporation ("Lessor"), and Scottsdale Exclusive Transportation, LLC, a Delaware limited liability company ("Lessee").

RECITALS:

A. City owns certain real property known as the Scottsdale Airport, including an existing terminal building and aircraft parking ramps (the "Terminal Building"). The Terminal Building is located at 15000 N. Airport Drive, Scottsdale, Arizona.

B. Lessee desires to use a portion of the Terminal Building for passenger services and ancillary offices, together with 2 aircraft parking spaces on the aircraft parking ramp located in front of the Terminal Building, (the "Premises") solely for FAA Part 135 on-demand aircraft charter services, (collectively, the "Permitted Uses"), subject to the requirements of this Agreement.

C. Lessor desires to lease to Lessee the Premises for the Permitted Uses, subject to the requirements of this Agreement.

D. Lessee may, with Lessor's consent, perform certain tenant improvements in and upon the Premises ("Lessee's Optional Premises Improvements"), identified in blue in Exhibit "A" attached, and may, with Lessor's consent, perform certain improvements in and upon the common areas of the Terminal Building ("Lessee's Optional Common Area Improvements"), identified in red in Exhibit "A" attached, subject to the requirements of this Agreement.

E. Lessee shall open the Premises for business to the public no later than 8 months after the date of this Agreement.

AGREEMENT:

FOR AND IN CONSIDERATION of the rent hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1. Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2. Premises.

2.1 Limitations. The Premises are limited to the areas depicted and described in Exhibit "A." Lessee has examined, studied and inspected the Premises and they are being leased in an "as is" condition without any express or implied warranties of any kind, including without limitation any warranties or representations as to their condition or fitness for any use. The Premises include and are limited to:

2.2 Approximately 2,395 square feet of floor area for Passenger Service/Office Space located inside the existing Terminal Building ("Indoor Premises").

2.3 Rights in Adjacent Property. Lessee's rights are expressly limited to the real property defined as the "Premises" in this Agreement, plus the following rights of use:

2.3.1 Aircraft Parking Spaces. Lessee shall have the exclusive right to use two aircraft parking spaces immediately adjacent to the Terminal Building (the "Aircraft Parking Spaces"). The location of the Aircraft Parking Spaces may be changed from time to time in the aviation director's reasonable discretion.

2.3.2 Passenger Boarding Lounge. Lessee shall have the non-exclusive right to use the Passenger Boarding Lounge (as identified on Exhibit "A"), but solely for purposes of assembling Lessee's charter service customers prior to aircraft boarding.

2.4 Title. Lessee's rights hereunder are subject to all covenants, restrictions, easements, agreements, reservations and encumbrances upon, and all other conditions of title to, the Premises. Notwithstanding the preceding sentence, Lessor agrees that on the commencement date there will be no mortgage lien or deed of trust covering the Premises, other than current taxes or liens resulting from the acts or omissions of Lessee. Lessee's rights hereunder are further subject to all present and future building restrictions, regulations, zoning laws, ordinances, resolutions, and orders of all bodies, bureaus, commissions and bodies of any municipal, county, state, or federal authority, now or hereafter having jurisdiction over the Premises or Lessee's use thereof. Lessee shall have no right under this Agreement to do (or fail to do) anything prohibited (or required) by any documents affecting legal title to the Premises.

III. TERM OF LEASE

3. Term of Lease. Lessor hereby leases the Premises to Lessee subject to the following provisions and conditioned upon Lessee's full, timely, complete and faithful performance of all

performances and things to be performed or done hereunder by Lessee and Lessee hereby accepts the Premises and this Agreement.

3.1 Term. The term of this Agreement shall be for a period of 7 years commencing on the date of this Agreement unless sooner terminated as hereinafter set forth.

3.2 Extensions. In the event of Lessee's continuously full, complete and timely performance of this Agreement throughout the initial term set forth above and any extension, this Agreement may be extended at Lessee's option for 3 additional 1 year terms for a total of 10 years. In order to exercise its option to extend, Lessee must give to Lessor written notice of Lessee's intent to extend no later than 6 months and no earlier than 12 months prior to expiration of the initial term (or, in the case of the second or subsequent extension, the prior extension). In the event of extension, Lessee shall obtain from Lessor and record a notice of extension in form acceptable to Lessor.

3.3 Holding Over. In any circumstance whereby Lessee would hold over and remain in possession of the Premises after the expiration of this Agreement, such holding over shall not be deemed to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon 10 days notice to Lessee.

IV. LEASE PAYMENTS

4. Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable one month in advance on the 20th day of the preceding calendar month. For example, the Rent for September shall be payable on or before August 20th. Rent payments shall begin on the 20th day of the month, 7 months following the execution of this Lease or on such date as the Lessee opens business, whichever first occurs. "Open for business" shall be defined as the date the City issues an Aeronautical Business Permit to operate an aircraft charter service at the Premises.

4.2 Base Rent. Lessee shall pay to Lessor each calendar month of this Agreement an amount (the "Base Rent") equal to \$3,991.66, plus the sum of \$3,000.00 for the exclusive use of the 2 Aircraft Parking Spaces for a total Base Rent of \$6,991.66.

4.3 Base Rent Adjustment. The Base Rent (with the exception of the Rent for the Aircraft Parking Spaces) shall be automatically adjusted upward on each annual anniversary of this Agreement on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average, all items, published by the United States Bureau of Labor Statistics as of the date 2 months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the Cost of Living Index number as of the date 2 months prior to the adjustment date (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which this Agreement commences (represented by the letter "M" in the formula set forth below), and multiplied by the original Base Rent amount stated in this Agreement (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

provided, that in no event shall any Rent be adjusted downward from any previous period. If the Cost of Living Index has not been published on any adjustment date, Lessor shall have the right to estimate the Cost of Living Index and to make the adjustments based on such estimate. Any correction due to an error in Lessor's estimate or for any other reason shall be paid by Lessee to Lessor (or by Lessor to Lessee, as the case may be) within 30 days after notice by either party to the other that the Cost of Living Index has been published. If such Cost of Living Index shall for any reason whatsoever not be published or readily identifiable at the adjustment date, then an index published by any state or federal agency or an index, formula or table accepted generally by the real estate profession shall be used as chosen by Lessor in Lessor's reasonable discretion. Any delayed adjustment shall be effective retroactively.

4.4 Passenger Rent. Lessee shall pay to Lessor each calendar month of this Agreement an amount ("Passenger Rent") equal to \$4.00 for each passenger enplanement or deplanement per month at the Scottsdale Airport. For example, if Lessee's operations result in 100 passenger enplanements and 200 deplanements in 1 month, then Passenger Rent for that month shall equal the sum of \$400.00 and \$800.00, for a total of \$1,200.00. Lessee shall occupy, operate and conduct its business upon the Premises so as to maximize the Passenger Rent payable hereunder.

4.5 Correlation of Base Rent and Passenger Rent. In addition to all other payments and performances required of Lessee hereunder during the term of this Agreement, Lessee shall pay to Lessor each month the Base Rent or the Passenger Rent, whichever is greater. Because the Passenger Rent cannot be calculated in advance at the beginning of a month, Lessee shall include in each monthly installment of Rent the Base Rent for the coming month together with the amount, if any, by which the Passenger Rent exceeded the Base Rent for the preceding month and a reconciliation in a form acceptable to Lessor showing the manner in which the Passenger Rent was calculated. The reconciliation shall include substantiating documentation as may be requested by Lessor from time to time. For example, the Rent installment payable on the 20th day of June shall include the Base Rent for the month of July together with the amount, if any, by which the Passenger Rent exceeded the Base Rent for the month of May and a reconciliation showing the manner in which the Passenger Rent for the month of May was calculated. Within 20 days after termination of this Agreement for any reason, Lessee shall pay to Lessor any and all unpaid Passenger Rent and any and all unpaid other Rent. Notwithstanding anything contained in this Agreement to the contrary, beginning on the date of this Agreement and during the entire term of this Agreement (and any renewals), Lessee shall have a rolling 12-month "look-back" adjustment credit with respect to the correlation of Base Rent and Passenger Rent. For example, if the Passenger Rent in a given month equals \$5,000 and the Base Rent for that same month equals \$6,991.66, then Lessee shall pay \$6,991.66 which is the greater of Passenger Rent and Base Rent, but Lessee shall have a \$1,991.66 carry-over credit, which shall be applied towards a subsequent month where the Passenger Rent exceeds the Base Rent. For clarification, if in the next consecutive month the Passenger Rent was equal to \$8,983.32 and the Base Rent was \$6,991.66, Lessee would pay only the Base Rent of \$6,991.66 due to the \$1,991.66 credit carry-over from the previous month being applied as a credit against the Passenger Rent. The credit shall only be given if the Base Rent exceeds the Passenger Rent, but no credit shall be given if the Passenger Rent exceeds the Base Rent.

4.6 Base Rent Delay Period. Notwithstanding anything contained in this Agreement to the contrary, Base Rent shall not begin until 8 months following the execution of this Agreement or the opening of business, whichever first occurs.

4.7 Improvements Credit. As provided elsewhere in this Agreement, Lessee may, with Lessor's consent, which consent will not be unreasonably withheld, complete certain Lessee's Optional Premises Improvements and Lessee's Optional Common Area Improvements (collectively, "Optional Improvements"). In connection with such Optional Improvements, a credit for the Optional Common Area Improvements only is hereby established in favor of Lessee against the payment of Rent for the period beginning 8 months after the date of this Agreement or the date the Lessee opens for business, whichever first occurs. The Optional Common Area Improvements are those improvements made and located within the area marked in red in Exhibit "A," attached to this Agreement. The credit is as follows:

4.7.1 The Improvements Credit shall be applied against Lessee's regular monthly Rent obligations beginning 8 months after the date of this Agreement or the date the Lessee opens for business, whichever first occurs.

4.7.2 The initial amount of the Improvements Credit is Zero and No/100 Dollars (\$0.00), but in no event whatsoever shall the Improvements Credit ever exceed a maximum of \$60,000.00. The Improvements Credit shall only be granted by the Lessor for Optional Common Area Improvements, and no other.

4.7.3 Lessor may withhold approval of any requested improvements in Lessor's sole and absolute discretion. Any Optional Improvements for which Lessee does not obtain specific written approval from Lessor in advance of construction shall be conclusively presumed to have been made without Lessor's approval (referring specifically to the Optional Improvements and to the Improvements Credit). Lessor's approvals under this paragraph are in addition to (and separate from) all other Lessor approvals required under this Agreement.

4.7.4 The Improvement Credit to be granted by Lessor shall be against invoices or receipts showing that Lessee has actually paid the requested amount to an arm's length third party for labor or materials actually supplied by said third party for the construction of the Optional Common Area Improvements. The amount of the Improvements Credit shall be the lesser of 1) the fair market cost of the original installation of the Optional Common Area Improvements as reasonably determined by Lessor, or 2) the actual amount that Lessee pays to unrelated third parties for the installation of the Optional Common Area Improvements. The Improvements Credit may not be used while Lessee is in default.

4.7.5 All Optional Common Area Improvements for which Lessee seeks the Improvements Credit must comply with all applicable public procurement laws including, without limitation, the bidding requirements of Title 34, Arizona Revised Statutes, and City of Scottsdale Procurement Code.

4.8 Aeronautical Business Permit. To the extent required by law, all persons occupying or operating at the Premises shall obtain an Aeronautical Business Permit. This paragraph applies to any type of permit or other rule or requirement that may supplement or replace the Aeronautical Business Permit. In addition to all other Rent payable hereunder, if Lessee does not from time to time hold an Aeronautical Business Permit covering all activities relating to its own operations, activity and business at the Premises and pay all fees related

thereto, Rent shall include an additional amount equal to the amount that would be payable to obtain such an Aeronautical Business Permit.

4.9 Security Deposit. At the time of execution of this Agreement, Lessee shall provide to, and maintain with Lessor at all times during the term of this Agreement, a security deposit guaranteeing the faithful performance of this Agreement, or in lieu thereof, a cash bond or certificate of deposit acceptable to Lessor in Lessor's sole and absolute discretion in the name of Lessor, in the sum of \$4,000.00. Any portion of said security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee to Lessor, shall be paid to Lessee within 60 days after termination of this Agreement.

4.10 Utilities.

4.10.1 Passenger Service/Office Space. With respect to utilities serving the Premises, Lessee shall contract for and pay all charges, fees, deposits and other amounts for telephone services at the rates applicable thereto. Lessor shall provide to the Premises air conditioning, heating, and electricity through existing lines or equivalent. Simultaneously with the payment of Base Rent, Lessee shall pay to Lessor \$1317.67 per month for air conditioning, heating and electrical service to the Premises ("Utilities Cost"). Lessor shall have the right to adjust said amount upward each July 1 during the entire term of this Agreement in the event of increases in Lessor's Utilities Cost. In the event such an adjustment becomes necessary, said adjustment shall be consistent with the actual increase in costs realized by Lessor. Said amount includes a portion of the cost of utilities related to the common areas of the Terminal Building. Lessee shall do nothing that would materially increase the amount of shared utilities consumed in the common areas. No other utilities are available. Notwithstanding anything contained in this Agreement to the contrary, if in any given month, the Passenger Rent exceeds the Base Rent, the amount by which the Passenger Rent exceeds the Base Rent shall be first applied to pay the Utilities Cost. For example, if the Passenger Rent exceeds the Base Rent by \$1300.00, the Utilities Cost for that month shall be \$17.67. If the Passenger Rent exceeds the Base Rent in an amount equal to or greater than the Utilities Cost, the Utilities Cost will be considered paid in full and the Rent Credit shall be reduced by the amount credited to the Utilities Cost.

4.11 Late Fees. Should any installment of Rent not be paid on or before the date due, a 10% late fee shall be added to the amount due, or found to be due. Furthermore, any and all amounts payable by Lessee under this Agreement that are not timely paid shall accrue interest at the rate of 1% per month from the date the amount first came due until paid. Lessee expressly agrees that the foregoing represent fair and reasonable estimates by Lessor and Lessee of Lessor's costs (such as accounting and processing costs, administrative costs, etc.) in the event of a delay in payment of Rent or any other amounts payable by Lessee under this Agreement. Lessor shall have the right to allocate payments received from Lessee among Lessee's obligations.

4.12 Rent Amounts Cumulative. All amounts payable by Lessee hereunder or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.13 No Setoffs. All Rents shall be paid in full directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

V. USE RESTRICTIONS

5. Use Restrictions. Lessee's use and occupation of the Premises shall in all respects conform to each and every of the following cumulative provisions:

5.1 Permitted Uses. Lessee shall use the Premises solely for the Permitted Uses. No other activity shall be conducted at or from the Premises. The Permitted Uses are limited to the following:

5.1.1 FAA Part 135 On-demand aircraft charter service, but only in the Passenger Service/Office Space.

5.1.2 Commercial offices as reasonably required for conduct of the Permitted Uses, but only in the Passenger Service/Office Space. Such other aviation related uses as Lessor may, from time to time, give or retract consent in its sole and absolute discretion. Such uses may only be conducted following Lessor's giving to Lessee written notice of such consent. Lessor may impose conditions and limitations on such consent in its sole and absolute discretion.

5.2 Animals. No animals are allowed on the Premises other than seeing-eye dogs and similar animals providing health assistance to disabled persons. Customers' dogs on leashes are also permitted, if allowed by applicable laws and regulations from time to time.

5.3 Governmental Relations. Lessee shall conduct its activities at the Premises in coordination with Lessor as necessary to maintain good relations with all governmental entities having jurisdiction over the Premises and shall immediately give to Lessor notice of any actual or threatened dispute, violation or other disagreement relating to the Premises. Lessee is not an agent for Lessor.

5.4 Lighting. Exterior lighting shall be shielded and otherwise configured to minimize spillover outside the specific lighted area within the Premises.

5.5 Lessee's Agent. Lessee shall at all times during normal business hours or when the Premises are otherwise occupied retain on call available to Lessor upon the Premises an active, qualified, competent and experienced manager to supervise all activities upon and operation of the Premises and who shall be authorized to represent and act for Lessee in matters pertaining to all emergencies and the day-to-day operation of the Premises and all activities under this Agreement. During any temporary periods of absence by said manager, an assistant manager or designated representative of Lessee with like authorization must be present upon the Premises. Lessee shall also provide notice to Lessor of the name, address, and regular and after-hours telephone numbers of a person to handle Lessee's affairs and emergencies at the Premises.

5.6 Security Requirements. Lessee shall participate in any public safety program promulgated from time to time by the City of Scottsdale Police Department or other law enforcement agency selected by Lessor from time to time. Lessee shall reasonably cooperate with Lessor and the City of Scottsdale Police regarding concerns and countermeasures affecting security and related risks of business and other operations and activities at and near the Premises.

5.7 Standards of Service. In entering into this Agreement, Lessor and Lessee have foremost in mind providing the public and air travelers with services and facilities of the highest quality. Lessee shall operate the Premises in a first-class manner; shall furnish prompt, clean and courteous service; and shall keep the Premises attractively maintained, orderly, clean, sanitary and in an inviting condition at all times, all to the satisfaction of Lessor. Lessee shall not employ any person or persons in or about the Premises who shall fail to be clean, courteous, efficient and neat in appearance or who shall use improper, obnoxious, profane or rude language or act in a loud or boisterous or otherwise improper manner. As used in this Agreement, first-class shall be defined as being of the most superior or excellent grade and quality and comparable to that found in executive aviation terminals for first class passengers.

5.8 Conduct at Premises. In entering into this Agreement, Lessor and Lessee have foremost in mind providing the public with an orderly atmosphere devoid of any act by any person contrary to the highest standards of community sensitivity, and avoiding any substance or appearance of any noisy, unruly, inebriated, disruptive, disorderly, lewd, nude, partially nude, adult oriented, unwholesome or sexually oriented behavior, business, entertainment, or other activity of any description or to any degree at the Premises. Any such behavior, business or activity at the Premises by Lessee, any customer of Lessee or anyone else using the Premises pursuant to this Agreement is strictly prohibited. The requirements of this paragraph are specifically acknowledged to be a requirement of this Agreement independent of and in addition to any zoning or other governmental regulation affecting the Premises. Any violation of this paragraph by any person using the Premises pursuant to or under this Agreement shall be an "Unruly Behavior Occurrence" by Lessee under this Agreement. To that end and without limitation, all of the following shall apply:

5.8.1 No materials shall be displayed, viewed or produced upon the Premises depicting specified anatomical areas or specified sexual activities. Also, no person upon the Premises shall make visible his or her specified anatomical areas. "Specified anatomical areas" shall mean less than completely and opaquely covered human genitals, pubic region, buttock and female breast below a point immediately above the top of the areola; and human male genitals in a discernible turgid state, even if completely and opaquely covered, or any simulation or portrayal of any of the foregoing. All specified sexual activities are prohibited without exception. Specified sexual activities shall mean human genitals in a state of sexual stimulation or arousal; acts of masturbation, sexual intercourse or sodomy; fondling or other erotic touching of human genitals, pubic region, buttock or female breast, or any simulation or portrayal of any of the foregoing.

5.8.2 Patron dancing outdoors and any direct or indirect physical contact involving customers, employees, performers and other persons outdoors is prohibited.

5.8.3 Lessee shall immediately cause to be removed from the Premises any person who:

5.8.3.1 Is obviously intoxicated or under the influence of any narcotic or chemical.

5.8.3.2 Commits any act of violence.

5.8.3.3 Acts in a loud or unusually boisterous manner.

5.8.3.4 Harms or threatens harm to any person or thing.

5.8.3.5 Uses profanity that can be heard by users of the Premises or the public.

5.8.3.6 Violates any law or any regulation applicable to the Premises.

5.8.3.7 Commits or causes, directs or encourages any person to commit an Unruly Behavior Occurrence.

5.8.4 The requirements of this paragraph only are for the benefit of Lessor and for the benefit of all real property located within 300 feet of the Premises. The owners and occupants of such real property and their successors and assigns are third party beneficiaries of this paragraph throughout the term of this Agreement. Such third party beneficiaries' sole remedy is injunctive relief against Lessee and other occupants of the Premises to enforce the requirements of this paragraph.

5.9 Hazardous Materials. Lessee shall not produce, dispose, transport, treat, use or store any hazardous waste or materials or toxic substance upon or about the Premises or any substance now or hereafter subject to regulation under the Arizona Hazardous Waste Management Act, A.R.S. § 49-901 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*, or the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, or any other federal, state, county, or local law pertaining to hazardous waste or toxic substances (collectively "Toxic Substances"). The preceding sentence does not prohibit use of ordinary janitorial supplies used to clean and maintain the Premises. Lessee shall pay, indemnify, defend and hold Lessor harmless against any loss or liability incurred by reason of any Toxic Substance on or affecting the Premises occurring after the date of this Agreement, and shall immediately notify Lessor of any Toxic Substance at any time discovered or existing upon the Premises. Lessee understands the hazards presented to persons, property and the environment by dealing with Toxic Substances. Lessee shall cause any on-site or off-site storage, treatment, transportation, disposal or other handling of Toxic Substance by Lessee in connection with the Premises to be performed by persons, equipment, facilities and other resources who are at all times properly and lawfully trained, authorized, licensed and otherwise permitted to perform such services.

5.10 Required Operation. During the entire term of this Agreement and any renewals or extensions, Lessee shall keep the Premises open to the public with service adequate to meet public demand. If Lessor determines in Lessor's reasonable discretion that public demand requires additional operating hours, Lessor shall have the right to require additional hours of operation. Notwithstanding anything contained in this paragraph to the contrary, the operation requirements of this paragraph shall be effective commencing on the earlier of i) the date of this Agreement, or ii) commencement of Lessee's aircraft charter services or any other of the Permitted Uses, and shall continue through the date this Agreement terminates or expires for any reason. The operating requirements of this paragraph shall be suspended during the allowed period of repair work to the Premises under this Agreement when and to the extent operation is prevented by damage to the Premises. During the required hours of operations, Lessee shall provide all of the following services:

5.10.1 FAA Part 135 On-demand aircraft charter services.

5.10.2 All service required to meet the minimum standards for aircraft charter operators as set forth in the Scottsdale Airport Minimum Operating Standards, as the same may be amended from time to time.

5.11 Common Areas. Subject to current and future regulations governing the use of, and access to, the Terminal Building and the Airport, Lessee, its officers, employees, agents, customers, patrons and invitees, and its suppliers of service and furnishers of materials shall have the right of ingress to and egress from the Premises through all of such portions of the Terminal Building as are open to the public from time to time. Such right is strictly limited to ingress and egress. All deliveries to the Premises shall be made through the outside door to the Premises located adjacent to the north main door of the Terminal Building. There shall be absolutely no storage, however temporary, outside the Premises in the halls, steps, porches or other areas of or surrounding the Terminal Building or the Airport. Lessee shall immediately clean up any spills or debris caused by Lessee or its suppliers or customers. The back door of the Premises will remain closed at all times except during the actual act of bringing supplies in or disposing of trash out of the door.

5.12 Parking. Parking shall be subject to current and future regulations governing parking at the Terminal Building and the Airport. There shall be no guaranteed number of parking places available to the Premises. Lessee's customers, patrons and invitees shall only park motor vehicles in such parking spaces as may be designated at the Airport from time to time as public parking areas, and that are available for parking by the general public. Lessee's employees shall park in areas designated by Lessor from time to time. Vehicles making deliveries to the Premises shall park only in areas specifically designated by Lessor from time to time as delivery areas.

5.13 Airport Operations. Lessee acknowledges that Lessee's use of the Premises shall be subject and subordinate to Lessor's operation of the Airport, which will necessarily directly and indirectly affect Lessee, the Premises, and Lessee's use of the Premises. Lessee's use of the Premises shall not be permitted by Lessee to in any way adversely affect Lessor's use or operation of the Airport. Without limitation:

5.13.1 Lessor reserves the right to further develop or improve the landing area and other areas of the Airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.

5.13.2 Lessor reserves the right but shall not be obligated to Lessee to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

5.13.3 There is hereby reserved to Lessor, its successors and assigns, for the use and benefit of Lessor and the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the Airport.

5.13.4 Lessee by accepting this agreement agrees for itself, its successors and assigns that it will not make use of the Premises in any manner that might interfere with the taxiing, landing and taking off of aircraft from the Airport, the loading or unloading of passengers or cargo or other aircraft operations or otherwise constitute a hazard. Whether any particular conduct complies with the foregoing shall be determined by Lessor.

5.13.5 Lessee shall permit the installation, maintenance and use within the Premises of apparatus for the Airport public address system.

5.14 Actions by Others. Lessee shall be responsible to ensure compliance with this Agreement by all persons using the Premises or claiming through or under Lessee or this Agreement. Lessee shall prevent all such persons from doing anything that this Agreement prohibits Lessee from doing.

5.15 Signs. Lessee shall have the right to install and operate 2 appropriate single-faced, interior signs at the Terminal Building and 1 single-faced, exterior sign facing the roadway west of the Terminal Building to identify Lessee's business provided that all of the following conditions are met (Lessor in its sole and absolute discretion may authorize the placement of additional signs from time to time):

5.15.1 That the location, size and style of each such sign shall be subject to the provisions of the applicable sign ordinance and shall be in keeping with the Airport sign program as the same may change from time to time and with the overall aesthetics and utility of the Airport facilities and grounds, as determined by Lessor, and shall be designed, made and installed in a professional manner; and

5.15.2 That no sign shall be erected, installed or operated until Lessee has submitted written request, together with descriptions and drawings showing the intended locations, size, style and colors of such signs, to the aviation director, and has received prior written approval from the aviation director; and

5.15.3 That regardless of signage existing from time to time, Lessor shall have the absolute right from time to time and without compensation to Lessee or any other person to require Lessee to conform to a new Airport sign program and to limit or reduce the amount of signage for the Premises to: (a) 1 single-faced, exterior sign facing the roadway west of the Terminal Building; and (b) 1 single-faced interior sign on the door in the Passenger Service/Office Space as directed by Lessor. At Lessor's election, Lessee shall cause said exterior sign to be combined with other signage at the Terminal Building. Without Lessor's consent, such exterior sign shall not exceed two square feet in gross sign area. Without Lessor's consent, said interior signs shall not exceed two square feet in gross sign area.

5.15.4 That Lessee shall bear all costs pertaining to the erection, installation and operations, maintenance and removal of all signs including, but not limited to, the application for and obtaining of any required building permits.

5.16 Name of Business. Lessee shall conduct the Permitted Uses at the Premises under Lessee's name given at the beginning of this Agreement, or if such name is not available or if Lessor and Lessee desire otherwise, such other name as Lessor may approve in Lessor's reasonable discretion.

5.17 Publicity. Upon special or standing requests made by Lessor from time to time and not in the absence of such requests, Lessee shall include in its promotional materials and other information distributed, sent, or made available to the public or others a notation that all or any part of Lessee's activities at the Premises are accomplished "with the assistance of the City of Scottsdale" or other words of support as Lessor may reasonably select from time to time.

5.18 Prohibited Names. Lessee shall not allow use in connection with any operations at the Premises any name that directly or indirectly refers to or contains any part of Lessor's name or the Airport's name or otherwise suggests a connection between Lessor and Lessee or Lessee's activities. Lessee shall also not use in connection with its operations at the Premises any name associated with products or purveyors of any sort of liquor, tobacco, adult entertainment or gambling related products or services.

5.19 Nonexclusive Uses. Lessee understands and agrees that Lessor, Lessor's other tenants, and other persons within and without the Airport and the surrounding vicinity will conduct from time to time business activities in direct competition with Lessee. Lessee has no exclusive rights to conduct any activity anywhere at the Airport. Nothing in this Agreement shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C. § 1349).

5.20 Communications Operations Restriction. Lessee shall not install, operate or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's existing or future fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment). If such interference should occur, Lessee shall immediately discontinue using the equipment, methodology or technology that causes the interference until Lessee takes corrective measures. Any such corrective measures shall be made at no cost to Lessor.

5.21 Coordination Meetings. Lessee shall meet with Lessor and other Airport users from time to time as requested by Lessor to coordinate and plan construction and operation of the Premises and all matters affected by this Agreement.

5.22 Governmental Relations. Lessee shall conduct its activities in coordination with Lessor as necessary to maintain good relations with all governmental and other entities having jurisdiction over the Premises. The preceding sentence does not prohibit Lessee from asserting its legal rights against such entities. Lessee shall immediately give to Lessor notice of any actual or threatened dispute, violation or other disagreement relating to the Premises. Lessee is not an agent for Lessor. Without limitation, such entities (who are not third party beneficiaries to this Agreement) include (to the extent that such entities have jurisdiction over the Premises):

5.22.1 State of Arizona

5.22.2 Maricopa County

5.22.3 Arizona Department of Environmental Quality

5.22.4 Arizona Department of Transportation

5.22.5 Federal Aviation Administration

5.23 Quality Service. Lessee shall operate the Premises in a first-class manner, shall furnish prompt, clean and courteous service; and shall keep the Premises attractively maintained, orderly, clean, sanitary, and in an inviting condition at all times, all to Lessor's reasonable satisfaction.

5.24 Operations and Staff Qualifications and Requirements. Lessee shall provide to the Premises adequate qualified personnel to professionally conduct all operations at the Premises.

VI. IMPROVEMENTS BY LESSOR

6. Improvements by Lessor. Lessor has not promised to and is not obligated in any manner to make any improvements or perform any construction or other work at the Premises or elsewhere.

VII. LESSEE'S IMPROVEMENTS

7. Lessee's Improvements. The following provisions shall govern all improvements, repairs, installation, removal, demolition and other construction work of any description by Lessee whether or not specifically described herein upon or related to the Premises or the Terminal Building Common Areas including, without limitation, Lessee's Optional Premises Improvements and Lessee's Optional Common Areas Improvements (collectively "Lessee's Improvements"):

7.1 Zoning and Similar Approval Processes. The zoning processes, building permit processes, and similar regulatory requirements that apply to Lessee's Improvements are completely separate from the plans approval processes under this Agreement. Lessee's satisfaction of any requirement of this Agreement does not count toward any compliance with any regulatory requirement. Lessee's satisfaction of any regulatory requirement does not count toward compliance with any requirement of this Agreement. Lessee must make all submittals and communications regarding the requirements of this Agreement through Lessor's contract administrator for this Agreement and not through planning, zoning, building safety or other staff. Lessee shall be responsible to directly obtain all necessary permits and approvals from any and all governmental or other entities having standing or jurisdiction over the Premises. Lessee bears sole responsibility to comply with all stipulations and conditions that are required in order to secure such rezoning and other approvals.

7.2 Relationship of Plans Approval to Regulatory Processes. Lessee's submission of plans under this Agreement, Lessor's approval of plans for purposes of this Agreement, and the plans approval process under this Agreement, shall be separate and independent of all development, zoning, design review and other regulatory or similar plans submittal and approval processes, all of which shall continue to apply in addition to the requirements of this Agreement and its approvals. BUILDING PERMITS, ZONING CLEARANCES, OR ANY OTHER GOVERNMENTAL REVIEWS OR ACTIONS DO NOT CONSTITUTE APPROVAL OF ANY PLANS FOR PURPOSES OF THIS AGREEMENT.

7.3 Contract Administrators. Upon execution of this Agreement, Lessor and Lessee shall each designate a contract administrator to coordinate the respective party's participation in designing and constructing the Lessee's Improvements. Each contract administrator shall devote such time and effort to the Lessee's Improvements as may be necessary for timely, good faith, and convenient coordination among the parties and their representatives involved with the Lessee's Improvements and compliance with this Agreement.

7.4 Lessor's Contract Administrator. Lessor's contract administrator will not be exclusively assigned to this Agreement or the Lessee's Improvements. Lessor's initial contract administrator shall be Lessor's aviation director or designee. Lessor's contract administrator's authority with respect to the Premises is limited to the administration of the requirements of this

Agreement. No approval, consent or direction by Lessor's contract administrator or other persons affiliated with Lessor inconsistent with this Agreement shall be binding upon Lessor. Lessee shall be responsible for securing all zoning approvals, development review, and other governmental approvals and for satisfying all governmental requirements pertaining to the Lessee's Improvements and shall not rely on Lessor or Lessor's contract administrator for any of the same.

7.5 Lessor's Fixtures and Personality. Lessee shall not remove, alter or damage in any way any improvements or any personal property of Lessor upon the Premises without Lessor's prior written approval. In all cases, Lessee will repair any damage or other alteration to Lessor's property to as good or better condition than existed before the damage or alteration.

7.6 Design Requirements. All Lessee's Improvements shall comply with the following design requirements:

7.6.1 All Lessee's Improvements shall be contained entirely within the Premises (or the Terminal Building Common Areas, as applicable) and without any encroachment or dependence upon any other property.

7.6.2 All Lessee's Improvements shall be designed and made at Lessee's sole cost and expense.

7.6.3 Lessee shall perform any and all construction work on the Premises (or the Terminal Building Common Areas, as applicable) in a workman-like manner as reasonably determined by Lessor and in conformance with all building codes and similar rules. All Lessee's Improvements shall be and become part of the realty and the real property of Lessor "brick by brick" as constructed. In any event, Lessee must leave the Premises (or the Terminal Building Common Areas, as applicable) in as good or better condition as it may be on the date of this Agreement, or such better condition as the Premises (or the Terminal Building Common Areas, as applicable) may hereafter be placed.

7.6.4 All work shall be done strictly at Lessee's expense and paid for by Lessee. In no event, including without limitation termination of this Agreement for any reason, shall Lessor be obligated to compensate Lessee in any manner for any of Lessee's Improvements or other work provided by Lessee during or related to this Agreement, except as provided elsewhere in this Agreement relating to the Improvements Credit.

7.6.5 Lessee's Improvements shall include all improvements, furnishings, furniture, equipment, fixtures, paint, decorations, lighting and other construction work of any description as described in all plans delivered by Lessee to Lessor. All such plans and construction are subject to inspection and final approval by Lessor as to colors, fabrics, materials, site plan, etc., as well as design, function and appearance.

7.6.6 Lessee shall make no alterations, modifications or additions to the Premises (or the Terminal Building Common Areas, as applicable) without having first received the written consent of Lessor that Lessor may withhold in Lessor's sole and absolute discretion.

7.6.7 Any changes to utility facilities shall be strictly limited to the Premises.

7.6.8 All Lessee Improvements shall be designed so as to present uniformity of design, function, appearance and quality throughout.

7.6.9 All of Lessee's Improvements shall be of high quality, safe, modern in design, and attractive in appearance, all as approved by Lessor.

7.7 Plans Required. Lessee's design of all Lessee's Improvements shall occur in three stages culminating in final working construction documents for the Lessee's Improvements (the "Final Plans"). The three stages are, in order of submission and in increasing order of detail, as follows:

7.7.1 Conceptual plans showing the general layout, locations, configuration, and capacities of all significant improvements, utilities, and other features significantly affecting the appearance, design, function or efficient operation of each element of the Lessee's Improvements.

7.7.2 Preliminary plans showing all floor plans, general internal and external building design and decoration schemes, mechanical, electrical and plumbing systems, landscaping and all other elements necessary prior to preparation of final working construction documents and showing compliance with all requirements of this Agreement. The preliminary plans shall show all detail necessary prior to preparation of final plans.

7.7.3 Final working construction documents for the Lessee's Improvements (collectively the "Final Plans").

7.8 Approval Process. The following procedure shall govern Lessee's submission to Lessor of all plans hereunder, including any proposed changes by Lessee of previously approved plans:

7.8.1 All plans submitted under this Agreement shall show design, appearance, style, landscaping, mechanical, utility, communication and electrical systems, building materials, layout, colors, views, and other information reasonably deemed necessary by Lessor for a complete understanding of the work proposed, all in detail reasonably deemed appropriate by Lessor for the level of plans required by this Agreement.

7.8.2 Lessee shall deliver all plans submissions for non-regulatory approvals under this Agreement directly to Lessor's project manager and shall clearly label the submissions to indicate that they are submitted pursuant to this Agreement and not for building permits, zoning or other approvals. Each submittal of plans by Lessee for Lessor's review shall include 5 complete sets of the plans on paper together with 2 copies of the plans in electronic form. Within 30 days after completion of any Lessee's Improvements, Lessee shall deliver to Lessor 1 copy of "as-built" plans for the Lessee's Improvements, on paper and 2 copies in electronic form. All plans in electronic form shall include vector line drawings of the improvements and such other information as this Agreement requires, all in a machine readable and manipulatable form. The format of such data and the media upon which such data is supplied shall be such then reasonably common data format and media as specified from time to time by Lessor.

7.8.3 All plans must comply with all requirements of law and this Agreement. No plans shall be deemed approved by Lessor until Lessor's contract administrator stamps them "APPROVED AS OF _____, 2012 ONLY FOR PURPOSES OF THE PLANS APPROVAL REQUIREMENTS OF ARTICLE SEVEN OF THE LEASE AGREEMENT NO. 2012-_____-COS" and dates them (collectively "Stamped").

7.8.4 All sheets of engineering work for Lessee's Improvements shall bear these words: "The engineer has performed this work for the benefit and reliance of the City of Scottsdale and assures the City of Scottsdale that the engineer's work is properly performed and that it complies with any engineering requirements set out in the Lease Agreement No. 2012-____-COS."

7.8.5 Lessee acknowledges that Lessor has a substantial interest in the design construction and operation of the Lessee's Improvements. No construction, reconstruction, alteration or other individually or cumulatively significant work shall occur upon the Premises except in compliance with plans approved by Lessor in compliance with this Agreement.

7.8.6 Lessor has the right to require Lessee to submit any Lessee Improvements to the City of Scottsdale Design Review Board or any similar body for approval.

7.8.7 Lessee shall coordinate with Lessor as necessary on significant design issues prior to preparing plans to be submitted hereunder.

7.8.8 Submission dates shall be such dates as are necessary for Lessee to timely obtain the approvals required by this Agreement.

7.8.9 Within 30 days after Lessor's receipt of plans from Lessee, Lessor shall hand deliver to Lessee 1 copy of the plans submitted Stamped, or marked to indicate the changes that would be necessary in order for Lessor to approve the plans.

7.8.10 If changes are required, Lessee shall revise the plans incorporating the changes requested by Lessor and shall within 30 days after Lessor returns the marked up plans to Lessee submit to Lessor the revised plans. Within 20 days after Lessee's receipt of such plans, Lessor shall hand deliver to Lessee 1 copy of such revised plans Stamped.

7.8.11 The parties shall endeavor to resolve any design and construction issues to their mutual satisfaction but, in the event of an impasse for any reason or however arising, as a condition of Lessor's entering into this Agreement, final decision authority regarding all design and construction issues shall rest with Lessor.

7.8.12 Lessee shall provide copies of any and all designs or plans for improvements upon the Premises (or the Terminal Building Common Areas, as applicable) to Lessor for Lessor's unrestricted use at the Premises (or the Terminal Building Common Areas, as applicable) or elsewhere.

7.9 Time for Completion. Lessee shall diligently and expeditiously pursue to completion the construction of all approved Lessee's Improvements. Lessee shall complete construction of all Lessee's Improvements no later than the earlier of: (i) 1 year after the date of plans approval; or (ii) any earlier date required by this Agreement or Lessor's plans approval.

7.10 Construction Reports. Lessee shall provide to Lessor a monthly notice containing a narrative report of the progress of design and construction of Lessee's Improvements.

7.11 Design and Construction Professionals. All construction and plans preparation for the Lessee's Improvements from initial proposals through final construction documents and completion of construction shall be performed by professionals selected and paid by Lessee. All

of Lessee's design and construction contractors shall have substantial experience in timely and successfully constructing similar projects.

7.12 Funding Assurances. In addition to the security deposit and any other payment or performance required under this Agreement, Lessee shall at least two weeks prior to the commencement of any construction work by Lessee having an estimated cost of more than \$10,000 provide to Lessor the following assurances that Lessee will timely pay for the work to be completed (the "Funding Assurances") as follows:

7.12.1 Funding Assurances Amount. The Funding Assurance shall be in an amount (the "Funding Assurances Amount") equal to 80% of the full contract amounts payable directly or indirectly to all persons for the construction work. In the event the contract amounts increase, the Funding Assurances Amount shall increase by the same proportion.

7.12.2 Funding Assurances Alternatives. All Funding Assurances shall consist of one of the following:

7.12.2.1 A fully executed construction loan commitment or agreement legally obligating a reputable federally insured financial institution to fund construction.

7.12.2.2 A letter of credit meeting the requirements listed on Exhibit "C" attached hereto.

7.12.2.3 Written confirmation from a federally insured financial institution chosen by Lessor having offices in Maricopa County, Arizona to the effect that said institution is holding for Lessor funds (the "Construction Account") in the Funding Assurances Amount. Such funds shall be held in an interest bearing account in Lessor's name only. All interest shall remain in the Construction Account. All funds shall be owned by Lessor upon deposit in the Construction Account. Funds shall be disbursed to anyone other than Lessor only upon Lessor's notice to the institution that Lessor has received unrelated third party invoices for actual hard costs of construction labor or materials together with notice from Lessee that such funds may be disbursed. The invoices must be accompanied by a certificate from the third party that the third party has actually supplied the labor or materials to the Premises and by such additional information and things as Lessor may reasonably deem necessary to determine compliance with this Agreement. All distributions from the Construction Account shall be by check payable to Lessor or jointly payable to Lessee and the third party. Lessee shall provide to Lessor no later than the tenth day of each month a detailed statement of Construction Account activity during the preceding month. All funds will be immediately available to Lessor upon demand. At no time is Lessor required to pay or advance any funds not previously deposited by Lessee.

7.13 Contractor Assurances. In addition to the Funding Assurances, the security deposit and any other payment or performance required under this Agreement, Lessee shall at least two weeks prior to the commencement of any construction work by Lessee having an estimated cost of more than \$30,000 provide to Lessor evidence of the following assurances in favor of Lessee that Lessee's contractors will timely and properly complete and pay all suppliers and subcontractors for the work completed (the "Contractor Assurances") as follows:

7.13.1 Contractor Assurance Amount. Each Contractor Assurance shall be in an amount (the "Contractor Assurance Amount") equal to 100% of the full contract amount payable directly or indirectly to all persons for the construction work.

7.13.2 Contractor Assurances Required. Lessee's obligation to cause its contractors to provide Contractor Assurances includes both of the following:

7.13.2.1 A payment bond in favor of Lessee covering all of the contracted work.

7.13.2.2 A performance bond in favor of Lessee covering all of the contracted work.

7.13.3 Contractor Assurance Qualifications. The issuer of each Contractor Assurance must be qualified to do business and in good standing in the State of Arizona and in its home state and must have a net worth of at least 3 times the Contractor Assurance amount. Each Contractor Assurance shall be issued by a person acceptable to Lessor and shall also at a minimum meet the requirements of A.R.S. §§ 34-222 to 34-223, and other applicable laws.

7.14 Rules Applicable to Both Funding Assurances and Contractor Assurances. The following rules shall be applicable to both all Funding Assurances and all Contractor Assurances (collectively "Improvement Assurances"):

7.14.1 Amount Adjustment. In the event the required amount of an Improvement Assurance increases from time to time by more than 10% above the prior amount, Lessee shall, on or before the date of the increase, deliver to Lessor an additional Improvement Assurance in the amount of such increase, or cause the existing Improvement Assurance held by Lessor to be amended to increase its amount.

7.14.2 Improvement Assurance Form. Each Improvement Assurance must be in form and substance acceptable to Lessor. The scope of Lessor's approval is to assure that the Improvement Assurance complies with this Agreement. Lessee shall deliver directly to Lessor's legal department (together with a copy to Lessor as provided for notices under this Agreement) a full and complete draft form of each Improvement Assurance and all related and supporting documentation at least 30 days prior to the date the actual Improvement Assurance is required. Lessor shall give its comments concerning the draft form no later than 21 days after receiving the draft form.

7.14.3 Improvement Assurance Claims. Lessor shall not make demand on an Improvement Assurance contrary to the provisions of this Agreement; but in the event of a dispute over Lessor's obtaining and using the benefits of an Improvement Assurance, neither Lessee, the Improvement Assurance issuer, nor any third party shall be entitled to interfere in any way (including without limitation, restraining order, injunctions or other judicial remedies, all of which are hereby unconditional and irrevocably waived) with Lessor's obtaining or using the funds or other benefits of the Improvement Assurance. This paragraph does not apply to a construction loan commitment or the Contractor Assurances.

7.14.4 Lessor's Improvement Assurance Claim. In the event Lessee is in default or the construction is not completed or timely progressing for any reason, Lessor shall have the right to set-off, deduct and withhold an amount or otherwise make claim upon any Improvement Assurance sufficient to complete the construction and to pay all other costs and expenses related to such construction. Additionally, in such event, Lessor shall have the right to claim an amount sufficient to pay all costs of litigation, attorney's fees and costs required by a judgment or decision relating to any contingent liability that, in the opinion of Lessor, may be outstanding at the time of

termination. Further, Lessor may draw on any Improvement Assurance at any time whatsoever to satisfy any of Lessee's obligations under this Agreement. This paragraph does not apply to a construction loan commitment or the Contractor Assurances.

7.14.5 Improvement Assurance Term. Lessee shall give Lessor not less than 30 days or more than 60 days advance notice of expiration or other termination of an Improvement Assurance. Any replacement Improvement Assurance must be delivered to Lessor at least 30 days before expiration of the Improvement Assurance being replaced. Any replacement Improvement Assurance must meet all requirements of this Agreement. No Improvement Assurance may be modified without Lessor's consent.

7.15 Release of Improvement Assurance. Within 30 days after the last to occur of the following, Lessor shall deliver to Lessee notice that the Improvement Assurance is released: i) Lessee's completion of the Lessee Improvements, ii) Lessee's payment of all design, construction, and all other amounts to be paid in connection with construction of the Lessee Improvements, iii) Lessee's performance and payment of all other obligations related to the Improvement Assurance and the construction, payment and other obligations thereto, and iv) Lessee's giving to Lessor notice requesting the release stating that the preceding conditions have been satisfied along with such supporting documentation as Lessor may reasonably require. This paragraph does not apply to a construction loan commitment or the Contractor Assurances.

XIII. MAINTENANCE

8. Maintenance. Lessee shall at all times repair and maintain the Premises at Lessee's sole expense in a first-class, sound, clean and attractive manner, as determined in Lessor's reasonable discretion, and also in compliance with the following:

8.1 Improvements by Lessor. Lessor has not promised to and is not obligated in any manner to make any improvements to the Premises, the Terminal Building or the Airport. Nevertheless, Lessor has the right at its sole expense and in its sole discretion to make improvements to the Premises, the Terminal Building and the Airport during the term of this Agreement.

8.2 Maintenance by Lessor. Lessor shall maintain the structural integrity of the portions of the Terminal Building comprising the Premises (including without limitation doors, roof, main air conditioning and heating units, exterior windows, utility services including water, sewer and electricity, exterior walls). Lessor is not responsible for maintenance of a routine or minor nature within Lessee's leased Premises.

8.3 Maintenance by Lessee. Lessee shall be responsible for the following:

8.3.1 Janitor and all other cleaning service in the Premises.

8.3.2 Light janitor service in the Terminal Building restrooms once each day; time of day and scope of service to be decided by the aviation director.

8.3.3 Adequate and sanitary handling and disposal, away from the Airport, of all trash, garbage and other refuse related to Lessee's use of the Premises.

8.3.4 All other repairs and maintenance of the Premises not specifically

required hereunder to be performed by Lessor.

8.4 Trash Receptacles. Lessee shall provide and use suitable covered receptacles for all trash and other refuse related to Lessee's use of the Premises. Piling of boxes, cartons, barrels or other items outside the Premises or in a manner visible from outside the Premises or in a manner visible to areas open to the public is forbidden. Lessee shall keep the area in which trash containers are stored clean and free of all trash and debris and shielded from public view. Lessee acknowledges that the dumpster currently located near the Terminal Building will likely be relocated from time to time to other locations in the general vicinity of the Terminal Building.

8.5 Recycling. Lessee shall comply with such paper, plastic or other recycling or conservation programs Lessor may establish for the Airport from time to time.

IX. BREACH BY LESSEE

9. Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

9.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

9.1.1 If Lessee shall be in arrears in the payment of Rent and shall not cure such arrearage within 10 days after Lessor has notified Lessee in writing of such arrearage.

9.1.2 If Lessee shall fail to maintain the Premises as required in this Agreement.

9.1.3 If Lessee shall fail to operate the facilities herein required for a period of 3 consecutive days or a total of 5 days within any calendar year.

9.1.4 If any assignment of any of Lessee's property shall be made for the benefit of creditors.

9.1.5 If any representation or warranty made by Lessee in connection with this Agreement or the negotiations leading to this Agreement shall prove to have been false in any material respect when made.

9.1.6 If Lessee shall fail to timely pay any taxes or other amounts herein required to be paid by Lessee to Lessor or to any other person.

9.1.7 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals from Lessor or any other governmental body, including FAA Part 135 certification, or timely pay any taxes with respect to this Agreement, the Premises or Lessee's use of the Premises.

9.1.8 If any environmental, health or similar inspector issues any formal notice of investigation or violation of health, environmental or similar regulations in connection with Lessee's use of the Premises or determines during any two or more consecutive inspections that

the same deficiency has been repeated or that the overall operation falls materially below standards for first rate well operated similar facilities in Maricopa County.

9.1.9 If Lessee does not complete construction of any of Lessee's Improvements within the times required by this Agreement.

9.1.10 If the issuer of any guaranty, letter of credit, bond, insurance policy or similar instrument shall fail for any reason to timely and fully honor any request by Lessor for funds or other performance under the instrument within 10 days after such request.

9.1.11 If Lessee shall engage in a pattern of repeated failure (or neglect) to timely do or perform or observe any provision contained herein. Three (3) or more failures to comply with any provision of this Agreement during any 90 day period or 6 or more failures to comply with any provision of this Agreement during any 12 month period constitute a repeated failure by Lessee to comply with such provision.

9.1.12 If Lessee shall fail to or neglect to do or perform or observe any other provisions contained herein on its part to be kept or performed and such failure or neglect to do or perform or observe any of such other provisions shall continue for a period of 30 days after Lessor has notified Lessee in writing of Lessee's default hereunder.

9.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, without further demand or notice, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

9.2.1 Terminate this Agreement.

9.2.2 Enter into and upon the Premises or any part thereof, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

9.2.3 Enforce a lien (which is hereby granted to Lessor) upon Lessee's property now or at any time hereafter at the Premises securing all of Lessee's obligations hereunder.

9.2.4 Cause a receiver to be appointed for the Premises and for the continuing operation of Lessee's business thereon.

9.2.5 Pay or perform, for Lessee's account and at Lessee's expense, any or all payments or performances required hereunder to be paid or performed by Lessee.

9.2.6 Abate at Lessee's expense any violation of this Agreement.

9.2.7 Pursue at Lessee's expense any and all other remedies, legal or equitable, to which Lessor may be entitled.

9.2.8 Refuse without any liability to Lessee therefore to perform any obligation imposed on Lessor by this Agreement.

9.2.9 Be excused from further performance under this Agreement.

9.2.10 Notwithstanding anything in this Agreement to the contrary, unilaterally and without Lessee's or any other person's consent or approval, draw upon, withdraw or otherwise realize upon or obtain the value of any letter of credit, escrowed funds, insurance policies, or other deposits, sureties, bonds or other funds or security held by Lessor or pledged or otherwise obligated to Lessor by Lessee or by any third party (whether or not specifically mentioned herein) and use the proceeds for any remedy permitted by this Agreement.

9.2.11 Insist upon Lessee's full and faithful performance under this Agreement and upon Lessee's full and timely payment of all Rent during the entire remaining term of this Agreement.

9.2.12 Assert or exercise any other right or remedy permitted by law.

9.3 Notice of Breach. Lessee shall promptly give notice to Lessor of any event or circumstance that is (or with the passing of time or the giving of notice or both will become) an Event of Default under this Agreement.

9.4 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or otherwise prevent Lessor from declaring a default for any breach or succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or paragraph) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS PARAGRAPH.

9.5 Reimbursement of Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

9.6 Inspection. Lessor shall have access to the Premises at all times upon reasonable prior notice (except, in the event of an emergency, without notice) for the purpose of examining, inspecting, evaluating, planning, repairing, designing, maintaining or showing the Premises or exercising Lessor's other rights hereunder. Lessee shall promptly undertake appropriate action to rectify any deficiency (identified by Lessor during such inspections or otherwise) in Lessee's compliance with this Agreement. This paragraph does not limit Lessor's other rights of access to the Premises elsewhere in this Agreement or otherwise.

9.7 Default by Lessor. Notwithstanding anything in this Agreement to the contrary, in

the event Lessor at any time is required to pay to Lessee any amount or render any performance, such amount or performance is not due until 30 days after notice by Lessee to Lessor that the amount has become payable or that the performance is due. If a cure cannot be effected during that period, Lessor shall not be in default so long as Lessor commences cure during the period and diligently prosecutes the cure to completion provided such cure must be completed within 60 days after it is due.

X. TERMINATION

10. Rights at Termination. The following provisions shall apply upon expiration or other termination of this Agreement at any time for any reason:

10.1 Surviving Obligations. Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or events leading to or occurring before termination shall survive and not terminate.

10.2 Delivery of Possession. Lessee shall, without demand, peaceably and quietly quit and deliver up the Premises to Lessor thoroughly cleaned, in good repair, maintained and repaired and in as good order and condition, reasonable use and wear excepted, as the same now are or in such better condition as the Premises may hereafter be placed by Lessee or Lessor.

10.3 Confirmation of Termination. Lessee shall provide to Lessor upon demand quitclaim deeds covering the Premises executed by Lessee and by all persons who claim that they have received from or through Lessee any interest in or right to use the Premises or any interest in Lessee's rights under this Agreement.

10.4 Fixtures and Improvements. If the same has not occurred earlier, title to any and all fixtures and structural or permanent improvements placed upon the Premises (or the Terminal Building Common Areas, as applicable) by Lessee together with all other equipment and personal property of every description attached or affixed to the Premises (or the Terminal Building Common Areas, as applicable) shall automatically vest in Lessor without any payment by Lessor or any compensation to Lessee and without requirement of any deed, conveyance, or bill of sale. The preceding sentence does not apply to other personal property that is not physically attached in any way to the Premises (or the Terminal Building Common Areas, as applicable). However, if Lessor shall request any documents in confirmation thereof, Lessee shall promptly execute, acknowledge and deliver the same. Lessee shall assign and deliver to Lessor all operating manuals, warranties and similar materials pertaining to all personal property transferred to Lessor. Further, Lessee shall at its own expense, but only to the extent requested by Lessor in writing, remove and dispose of any said property and any fixtures and structural or permanent improvements placed upon the Premises (or the Terminal Building Common Areas, as applicable) by Lessee and completely repair the Premises (or the Terminal Building Common Areas, as applicable) to match adjacent finishes. Lessor may, in the exercise of its sole and absolute discretion, consider any Lessee property remaining on or about the Premises (or the Terminal Building Common Areas, as applicable) after the time for removal, abandoned and subject to removal, storage and disposal by Lessor at Lessee's expense and without compensation or accounting.

XI. INDEMNITY AND INSURANCE

11. Indemnity and Insurance. During the entire term of this Agreement, Lessee shall insure

the Premises and all property and activities at and about the Premises and provide indemnification as follows:

11.1 Insurance Required. Prior to entering, occupying or using the Premises in any way (and in any event, commencing not later than 5 days after the date of this Agreement) and at all times thereafter, Lessee shall obtain and cause to be in force and effect the following insurance:

11.1.1 Commercial General Liability. Commercial general liability insurance with a limit of One Million Dollars (\$1,000,000) for each occurrence, a limit of Two Million Dollars (\$2,000,000) for products and completed operations annual aggregate, and a limit of Two Million Dollars (\$2,000,000) general aggregate limit per policy year. The policy shall cover liability arising from Premises, operations, independent contractors, products, completed operations, personal injury, bodily injury, advertising injury, and liability assumed under an "insured contract" including this Agreement. The policy will cover Lessee's liability under the indemnity provisions of this Agreement. The policy shall contain a "separation of insureds" clause.

11.1.2 Automobile Liability. Automobile liability insurance with a combined single limit of One Million Dollars (\$1,000,000) for each accident covering any and all owned, hired, and non-owned vehicles assigned to or used in any way in connection with Lessee's use of the Premises. Without limitation, such insurance shall cover hazards of motor vehicle use for loading and off loading.

11.1.3 Workers' Compensation. Such workers' compensation and similar insurance as is required by law and employer's liability insurance with a minimum limit of One Hundred Thousand Dollars (\$100,000) for each accident, One Hundred Thousand Dollars (\$100,000) disease for each employee, Five Hundred Thousand Dollars (\$500,000) policy limit for disease. All contractors and subcontractors must provide like insurance.

11.1.4 Special Risk Property. Unless waived by Lessor in writing, all risk property insurance covering damage to or destruction of all buildings and other improvements to the Premises, including without limitation, all improvements existing upon the Premises prior to this Agreement or hereafter constructed in an amount equal to full replacement cost of all such improvements. Such insurance shall be special causes of loss policy form (minimally including perils of fire, lightning, explosion, windstorm, hail, smoke, aircraft, vehicles, riot, civil commotion, theft, vandalism, malicious mischief, collapse and flood).

11.1.5 Personal Property. Lessee shall maintain special causes of loss personal property coverage, as defined by Insurance Services Office, Inc., in an amount per occurrence equal to full replacement cost of all personal property used in connection with the Premises.

11.1.6 Builders' Risk Property Insurance. Builders' risk insurance in the amount of the entire cost of any construction work at or related to the Premises or the Terminal Building Common Areas, as well as subsequent modifications thereto. Such builders' risk insurance shall be maintained until final payment for the construction work and materials has been made and until no person or entity other than Lessee and Lessor has an insurable interest in the Premises or the Terminal Building Common Areas, whichever is later. This insurance shall include interests of Lessor, Lessee and all subcontractors and sub-subcontractors involved in any Lessee's Improvements or other construction work at or related to the Premises or the Terminal Building Common Areas during the course of any construction, and shall continue until all work is completed and accepted by Lessee and Lessor. Lessee bears full responsibility for loss or

damage to all work being performed and to works under construction. Builders' risk insurance shall be on a special causes of loss policy form (covering at least the perils of fire, lightening, explosion, windstorm and hail, smoke, aircraft and vehicles, riot and civil commotion, theft, vandalism, malicious mischief, collapse and flood) and shall also cover false work and temporary buildings and shall insure against risks of direct physical loss or damage from external causes including debris removal and demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for architect's service and expenses required as a result of such insured loss and other "soft costs". Builders' risk insurance must provide coverage from the time any covered property comes under Lessee's control and/or responsibility, and continue without interruption during construction or renovation or installation, including any time during which the covered property is being transported to the construction or installation site, and while on the construction or installation site awaiting installation. The policy will continue to provide coverage when the covered Premises or the Terminal Building Common Areas, or any part thereof are occupied. Builders' risk insurance shall be primary and not contributory.

11.1.7 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers and agents (all of whom, including Lessor, are collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises.

11.1.8 Limit and Other Adjustments. Lessor may elect by notice to Lessee to increase the amount or type of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent type or amount of insurance to be provided.

11.2 Form of All Insurance. All insurance provided by Lessee with respect to the Premises, whether required by this Agreement or not, and all insurance provided by third parties under this Agreement, shall meet the following requirements:

11.2.1 "Occurrence" coverage is required. "Claims made" insurance is not permitted.

11.2.2 If Lessee uses any excess insurance then such excess insurance shall be "follow form" equal to or broader in coverage than the underlying insurance.

11.2.3 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted away from the Premises.

11.2.4 Lessee must clearly show by providing copies of insurance policies, certificates, formal endorsements or other documentation acceptable to Lessor that all insurance coverage required by this Agreement is provided.

11.2.5 Lessee's insurance shall be primary insurance.

11.2.6 All policies, including workers' compensation, shall waive transfer rights of recovery (subrogation) against Lessor, and the other Additional Insureds.

11.2.7 No deductibles, retentions, or "self insured" amounts shall exceed One Hundred Thousand Dollars (\$100,000.00) in the aggregate per year, per policy. Lessee shall be

solely responsible for any self-insurance amount or deductible.

11.2.8 No deductible shall be applicable to coverage provided to Lessor.

11.2.9 Lessor may require Lessee from time to time to secure payment of any deductible or self-insured retention by a surety bond or by a clean, irrevocable and unconditional letter of credit in content and form satisfactory to the city attorney's office.

11.2.10 All policies shall contain provisions that neither Lessee's breach of a policy requirement or warranty, nor failure to follow claims reporting procedures, shall affect coverage provided to Lessor.

11.2.11 All policies except workers' compensation must cover Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement.

11.2.12 All applicable policies must name Lessor as a loss payee as respects proceeds relating to the Premises.

11.2.13 All policies must be endorsed to provide Lessor with at least thirty (30) days prior notice of cancellation or ten (10) days prior notice of cancellation for non-payment of premiums.

11.2.14 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

11.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor the standard ACORD certificate of insurance annually and with each change in insurance coverage. The Certificate must evidence that the policy described by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, certificate must evidence that Lessor and the other Additional Insureds are additional insureds and that insurance proceeds will be paid as required by this Agreement. Certificates must be in a form acceptable to Lessor. The certificate is in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

11.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++6.

11.5 Lessor's Election to Provide Insurance. Lessor is not required to carry any insurance covering or affecting the Premises or use of Lessor's property related to this Agreement. Lessor may elect to acquire all or any part of the insurance required by this Agreement (with or without any other real property Lessor may own, or control) and Lessee shall pay to Lessor the costs of such insurance as reasonably determined by Lessor. Lessee shall provide all required insurance not so provided by Lessor. Any insurance or self insurance maintained by Lessor shall not contribute to Lessee's insurance.

11.6 Insurance Proceeds. All insurance proceeds (whether actually paid before or after

termination of this Agreement) shall be paid to Lessee and Lessor jointly and shall be allocated among Lessor, Lessee and other interested parties as their interests may appear.

11.7 No Representation of Coverage Adequacy. By requiring insurance herein, Lessor does not represent that coverage and limits will be adequate to protect Lessee. Lessor reserves the right to review any and all of the insurance policies and/or endorsements cited in this Agreement, but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Lessee from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times.

11.8 Use of Subcontractors. If Lessee subcontracts or otherwise delegates any work or use of the Premises under this Agreement, Lessee shall cause the delegatee to execute and provide to Lessor a writing executed by the delegatee containing the same indemnification clauses and insurance requirements set forth herein protecting Lessor and Lessee. Lessee shall provide to Lessor certificates of insurance and other evidence that such requirements have been satisfied.

11.9 Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this paragraph are completely resolved, Lessee (and all other persons using, acting, working or claiming through or for Lessee or this Agreement (if they or their subcontractor, employee or other person or entity hired or directed by them participated in any way in causing the claim in question)) shall jointly and severally pay, indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises or this Agreement (the "Indemnity"). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use, financial harm, or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings and all other costs and expenses of litigation or resolving the claim) that may arise in any manner out of any use of the Premises or other property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including without limitation any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. As a condition to Lessor's executing this Agreement, Lessee specifically agrees that to the extent any provision of this paragraph is not fully enforceable against Lessee for any reason whatsoever, this paragraph shall be deemed automatically reformed to the minimal extent necessary to cause it to be enforceable to the fullest extent permitted by law. The Indemnity shall also include and apply to any environmental injury, personal injury or other liability relating to Lessor's or Lessee's acquisition, lessorship or use of real property developed, operated, owned, used, controlled or possessed by Lessor or Lessee under this Agreement. Notwithstanding the foregoing, the Indemnity does not apply to:

11.9.1 Claims arising only from the sole gross negligence of Lessor.

11.9.2 Claims that the law prohibits from being imposed upon the indemnitor.

11.10 Consultant Indemnity. Lessee shall cause all architects, engineers, contractors, construction managers and other consultants, including itself to the extent Lessee provides any such services, (collectively "Consultants") contracted to provide professional services in the design, construction, operation or other work regarding the Premises to provide to Lessor the following protections:

11.10.1 To the fullest extent permitted by law, Consultants shall defend, indemnify and hold harmless Lessee, Lessor and their respective agents, representatives, officers, directors, officials and employees (including without limitation the Additional Insureds) from and against all claims, damages, losses and expenses (including but not limited to attorney fees, court costs, and the cost of appellate proceedings), relating to, arising out of or resulting from the Consultant's acts, errors, mistakes or omissions relating to professional services relating to the Lessee's Improvements. Consultant's said duty to defend, hold harmless and indemnify shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death; or injury to, impairment, or destruction of property including loss of use resulting therefrom, caused by any acts, errors, mistakes or omissions related to professional services relating to the Lessee's Improvements or the Premises including any person for whose acts, errors, mistakes or omissions the Consultant may be legally liable.

11.10.2 This indemnity does not increase or decrease any non-contract liability that may or may not exist independent of this provision and may or may not be covered or coverable by insurance.

11.10.3 Professional liability insurance covering acts, errors, mistakes and omissions arising out of the services or work performed by the Consultant or any person employed by him or for whose acts he may be liable, with a limit of not less than \$5,000,000 for each claim. Any "claims made" coverage must extend not less than 3 years after completion of the work. Such coverage is not required to the extent it would merely duplicate insurance coverage then provided by Lessee to Lessor under this Agreement.

11.11 Risk of Loss. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessee shall be responsible for any and all damage to its property and equipment related to this Agreement and shall hold harmless and indemnify Lessor and all other Additional Insureds, regardless of the cause of such damages.

11.12 Indemnities and Insurance Cumulative. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. The amount and type of insurance coverage required by this Agreement will in no way be construed as limiting the scope of the indemnities or other requirements of this Agreement.

11.13 Insurance to be Provided by Others. Lessee shall cause its contractors or other persons occupying, working on or about, or using the Premises pursuant to this Agreement to be covered by their own or Lessee's insurance meeting the requirements of this Agreement. The preceding sentence does not require such persons to provide insurance that merely duplicates

insurance Lessee provides.

XII. CONDEMNATION

12. Condemnation. If any part of the Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, and in the event that such taking or condemnation shall render the Premises unsuitable for the Permitted Uses, then the term of this Agreement shall cease and terminate as of the date of taking of possession in such proceeding and Lessee shall have no claim for the value of any unexpired term of this Agreement. In the event of such an acquisition, Lessor shall pay to Lessee separate and apart from any condemnation action an amount equal to the lesser of i) the actual original cost of Lessee's Improvements acquired less depreciation on a straight line basis from the time of construction of Lessee's Improvements so acquired through the remaining original term of this Agreement, or ii) if Lessor is not the condemnor, the net amount actually received by Lessor with respect to such Lessee's Improvements. In the event of a partial taking or condemnation which is not extensive enough to render the Premises unsuitable for the Permitted Uses, Lessor shall promptly restore the Premises to a condition comparable to its condition at the time of such condemnation less the portion lost in the taking, this Agreement shall continue in full force and effect, and the Base Rent (but not the Passenger Rent) shall be reduced in proportion to the gross rentable area of the Premises so taken. In the event of any taking or condemnation, Lessee shall not be entitled to any part of the award, as damages or otherwise. Lessor is entitled to receive the full amount of the award or other payment and Lessee hereby waives any right thereto. Nothing in this paragraph shall be construed to permit the abatement in whole or in part of the Passenger Rent.

XIII. DAMAGE TO OR DESTRUCTION OF PREMISES

13. Damage to or Destruction of Premises. If the Premises are partially damaged by fire, explosion, the elements, the public enemy, or other casualty, but not rendered untenable, and provided that such damage is not caused by the act or omission of Lessee or its officers, employees, representatives, agents or customers, any such damage shall be repaired with due diligence by Lessor at its own cost and expense, and there shall be no reduction of Rent. If such damage shall be so extensive as to render the Premises untenable, but capable of being repaired in 90 days, the same shall be repaired with due diligence by Lessor at its own cost and expense, and the Rent payable herein shall be proportionately paid up to the time of such damage and thereafter cease until such time as the Premises are restored. In the event the Premises are completely destroyed by fire, explosion, the elements, the public enemy or other casualty; or so damaged that they will remain untenable for more than 90 days, Lessor shall be under no obligation to repair and reconstruct the Premises, and Rent payable hereunder shall be proportionately paid up to the time of such damage or destruction, and shall thenceforth cease until such time as the Premises may be fully restored. If within 12 months after the time of such damage or destruction said Premises shall not have been repaired or reconstructed, Lessee may give Lessor written notice of its intention to cancel this Agreement in its entirety as of the date of such damage or destruction. Notwithstanding all of the foregoing provisions, all repairs required of Lessor shall be limited to the building structure, roof and outer walls. Repairs to finished improvements including, but not limited to, decorations, furnishings, floor and wall coverings, fixtures and equipment, shall be accomplished by Lessee at its cost and expense within ninety (90) days of the completion of Lessor's restoration of the Premises. Nothing in this paragraph shall be construed to permit the abatement in whole or in part of the Passenger Rent.

XIV. LESSEE'S RECORDS

14. Lessee's Financial Records. During the entire term of this Agreement, Lessee shall keep records and provide information to Lessor as follows:

14.1 Scope of Information. Unless otherwise specified, all of Lessee's recordkeeping and disclosure obligations under this article include and are limited to the following cumulative topics as reasonably determined by Lessor (collectively the "Covered Information"):

14.1.1 All information about this Agreement.

14.1.2 All information about Lessor's and Lessee's rights, obligations and performances under this Agreement.

14.2 Reports. Lessee shall deliver to Lessor written reports (and, if requested by Lessor, a presentation to Lessor's governing council, Lessor's Airport Advisory Commission, or designee) covering such Covered Information as Lessor may request from time to time.

14.3 Records Inspection. At Lessee's expense, Lessee shall:

14.3.1 Permit and assist Lessor and its representatives at all reasonable times to inspect, audit, and copy Lessee's records of Covered Information. Notwithstanding anything contained in this Agreement to the contrary, such Covered Information, Reports and Records as well as Lessor's inspection, audit and copy rights with respect to such Covered Information, Reports and Records, shall be limited to those records that pertain specifically to Passenger Rent calculations and expenses submitted to the Lessor for reimbursement or consideration and compliance with all applicable federal, state and local Airport Rules and Regulations.

14.3.2 Make the records of Covered Information (and reasonable accommodations for Lessor's audit and inspection) available to Lessor at Lessee's offices in the City of Scottsdale in Maricopa County, Arizona, or at another location requested by Lessor within the corporate limits of the City of Scottsdale.

14.3.3 Cause Lessee's employees and agents and accountants to give their full cooperation and assistance in connection with Lessor access to the Covered Information.

14.4 Standards for Records. Lessee shall maintain a standard, modern system of recordkeeping for the Covered Information and shall keep and maintain proper and accurate books and other repositories of information relating to the Covered Information in accordance with generally accepted accounting principles applied on a consistent basis. If Lessor does not receive Covered Information, Lessor shall have the right to estimate the information that is not provided, which estimate shall be binding upon Lessee.

14.5 Record Retention. Lessee shall preserve records of the Covered Information in a secure place within the City of Scottsdale, Maricopa County, Arizona for a period ending 7 years after the time period reported by the records.

14.6 Record Media Included. Lessor's and Lessee's rights and obligations regarding the Covered Information encompass media, materials, and data repositories of every kind and character that may contain Covered Information. Such repositories include, without limitation,

records, books, papers, documents, subscriptions, recordings, agreements, purchase orders, computer data, invoices, cash register tapes, contracts, logs, accounts, commitments, arrangements, notes, diaries, ledgers, correspondence, reports, drawings, receipts, vouchers and memoranda, and any and all other sources, records and repositories of Covered Information.

14.7 Access after Termination. Lessee's access to Covered Information shall continue for 6 years after termination of this Agreement for any reason.

14.8 Costs of Audit. If an audit, inspection or examination discloses underpayments (or other matters adjusted in favor of Lessor) of any nature that exceed 3% of any payments or single payment, Lessee shall pay to Lessor Lessor's actual cost (based on the amount paid by Lessor, or based on reasonable charges charged by private auditors and other service providers for comparable work if the audit is performed by Lessor's employees) of the audit, inspection or examination, together with late fees, interest, and other amounts payable in connection with such adjustments or payments. Any adjustments and/or payments due as a result of any such audit, inspection or examination shall be made within a reasonable amount of time (not to exceed 30 days) after Lessor gives to Lessee notice of Lessor's findings.

XV. COMPLIANCE WITH LAW

15. Compliance with Law. Lessee shall perform its obligations under this Agreement in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended. Without limiting in any way the generality of the foregoing, Lessee shall comply with all and each of the following:

15.1 Applicability of Municipal Law. Without limitation, Lessee shall comply with municipal laws as follows:

15.1.1 Lessee acknowledges that this Agreement does not constitute, and Lessor has not promised or offered, any type of waiver of, or agreement to waive (or show any type of forbearance, priority or favoritism to Lessee with regard to) any law, ordinance, power, regulation, tax, assessment or other legal requirement now or hereafter imposed by the City of Scottsdale or any other governmental body upon or affecting Lessee or the Premises, or Lessee's use of the Premises.

15.1.2 All of Lessee's obligations hereunder are in addition to, and cumulative upon (and not to any extent in substitution or satisfaction of), all existing or future laws and regulations applicable to Lessee.

15.1.3 In the case of an ordinance or other law of the City of Scottsdale authorizing a credit, reduction in tax or amount charged or assessed, or any other benefit as a result of performances rendered under this Agreement, Lessee expressly waives, relinquishes and repudiates all such benefits with respect to performances rendered under this Agreement.

15.1.4 This Agreement is not intended to diminish any performances that would be required of Lessee by law if this Agreement had been made between Lessee and a private citizen.

15.1.5 Lessor has not relinquished or limited any right of condemnation or eminent domain over the Premises or any other property related to this Agreement.

15.1.6 This Agreement does not impair City of Scottsdale's power to enact, apply or enforce any laws or regulations, or exercise any governmental powers affecting in any way Lessee or the Premises.

15.1.7 Lessor's rights and remedies hereunder for Lessee's failure to comply with all applicable laws supplement and are in addition to and do not replace otherwise existing powers of the City of Scottsdale or any other governmental body.

15.2 Taxes, Liens and Assessments. In addition to all other Rent herein provided, Lessee shall pay, when due and as the same become due and payable all taxes and general and special fees, charges and assessments of every description which during the term of this Agreement may be levied upon or assessed against the Premises, the operations conducted therein, any Rent paid or other performances under this Agreement by either party, and all possessory interest in the Premises and improvements and other property thereon, whether belonging to the Lessor or Lessee; and Lessee agrees to indemnify, defend and hold harmless Lessor and the Premises and such property and all interest therein and improvements thereon from any and all such taxes and assessments, including any interest, penalties and other expenses that may be imposed, and from any lien therefor or sale or other proceedings to enforce payment thereof. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessor shall have the right from time to time to require that all of the foregoing payments be made by Lessee through Lessor. Lessee shall pay all sales, transaction privilege, and similar taxes.

15.3 Government Property Lease Excise Tax. Lessee shall be responsible for any and all property taxes and all government property lease excise taxes described in A.R.S. § 42-6201 *et seq.* or similar laws in force from time to time. Pursuant to A.R.S. § 42-6206, failure by Lessee to pay the taxes after notice and an opportunity to cure is an event of default that could result in divesting Lessee of any interest in or right of occupancy of the Premises.

15.4 Food Laws. Lessee shall at all times comply with Federal Pure Food and Drug Laws and all other applicable health rules, regulations, standards, laws and ordinances of the United States of America, State of Arizona, County of Maricopa, City of Scottsdale, and any other authority lawfully exercising authority over food and beverage services. Lessee shall at its own expense obtain and maintain all necessary licenses and permits permitting the sale and/or service of food and beverages (including liquor, if desired and permitted by law) on the Premises.

15.5 Building Permits. Lessee shall obtain at its own expense all building or other permits in connection with all construction performed by Lessee and shall comply with all zoning, building safety, fire and similar laws and procedures of every description.

15.6 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the Airport, including the Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith.

15.7 Aviation Regulations. Lessee shall comply with any and all rules, regulations, laws, ordinances, statutes or orders of the FAA and any other governmental authority, whether Federal, State, County, or Lessor, lawfully exercising authority over the Airport.

15.8 Liability and Indemnity. Lessee shall be liable to Lessor, and shall pay, indemnify,

defend and hold harmless Lessor against, any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon Lessor, including attorneys fees, arising from any violation of law caused directly or indirectly by act, omission, negligence, abuse or carelessness on the part of Lessee, its employees, agents, customers, visitors, suppliers, or invitees. Without limitation, the preceding sentence requires the payment by Lessee of any fines or penalties for any breach of security arising from the unauthorized entry of any of the aforementioned persons or their vehicles onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport.

15.9 Grant Agreement Assurances. Lessee shall observe and comply with the following covenants and conditions:

15.9.1 No person shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises on the grounds of race, color, handicap, or national origin. No person shall be excluded on the grounds of race, color, handicap, or national origin from participation in, denied the benefits of, or otherwise be subject to discrimination in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon.

15.9.2 Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

15.9.3 Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchases.

15.9.4 Lessee agrees that it shall insert this subparagraph and all of the other provisions of this paragraph titled "Grant Agreement Assurances" in any agreement, lease, contract, etc. by which Lessee grants a right or privilege to any persons, firm or corporation to render accommodations and/or services to the public on the Premises together with a provision that the "Grant Agreement Assurances" shall constitute a material breach thereof, and in the event of such non-compliance Lessor shall have the right to terminate the agreement and the estate thereby created without liability therefore. Either or both Lessor or the United States shall have the right to enforce the "Grant Agreement Assurances."

15.10 Federal Agreements. This Agreement shall be subordinate to the provisions and requirements of any existing or future grant assurances and other agreements between the Lessor and the United States, relative to the development, operation or maintenance of the Airport.

15.11 Construction Regulations. Lessee shall comply with the notification and review requirements covered on Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

15.12 War or National Emergency. This Agreement shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

15.13 Affirmative Action. Lessee assures that it will undertake an affirmative action program if and as required by 14 CFR, Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered sub-organizations provide assurances to Lessor that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as and if required by 14 CFR, Part 152, Subpart E, to the same effect.

XVI. ASSIGNABILITY

16. Assignability. This Agreement is not assignable by Lessee except in strict compliance with the following:

16.1 Assignments Prohibited. References in this Agreement to assignments or subleases by Lessee shall be deemed to apply to all of the following transactions, circumstances and conditions:

16.1.1 Any voluntary or involuntary assignment, conveyance, or transfer of the Premises or any interest therein or any rights under this Agreement, in whole or in part.

16.1.2 Any voluntary or involuntary pledge, lien, mortgage, security interest, judgment, deed of trust, claim or demand, whether arising from any contract, any agreement, any work of construction, repair, restoration, maintenance or removal, or otherwise affecting the Premises (collectively "Liens").

16.1.3 The use, occupation, management, control or operation of the Premises or any part thereof by others.

16.1.4 Any transaction (or series of related or unrelated transactions) transferring a substantial part of the corporate stock (or other evidence of ownership, as applicable) or any other direct or indirect transfer of any substantial part of the ownership, management or control of Lessee or the Premises.

16.1.5 Any assignment for the benefit of creditors, voluntary or involuntary.

16.1.6 Any bankruptcy or reorganization.

16.1.7 The occurrence of any of the foregoing by operation of law.

16.2 Assignment Remedies. Any prohibited assignment shall be void and vest no rights in the assignee. Nevertheless, Lessor may, in its sole discretion and in addition to all other remedies available to Lessor under this Agreement or otherwise and in any combination, collect Rent from the assignee, sublessee or occupant and apply the net amount collected to the Rent

required to be paid thereunder and/or void the assignment, all without prejudicing any other right or remedy of Lessor under this Agreement. No cure or grace periods shall apply to assignments prohibited by this Agreement or to enforcement of this Agreement against an assignee who did not receive Lessor's consent. Lessor may elect to increase Rent as a condition to consenting to an assignment.

16.3 No Waiver. No consent or collection or other action or inaction by Lessor shall be deemed a waiver of the prohibition on assignments or any other provision of this Agreement, or the acceptance of the assignee, sublessee or occupant as Lessee, or a release of Lessee from the further performance by Lessee of the provisions of this Agreement. The consent by Lessor to an assignment or subletting shall not relieve Lessee from obtaining the consent in writing of Lessor to any further assignment or sublease. Upon assigning, transferring or subletting the Premises, Lessee shall not be released of any liability hereunder but shall remain fully and personally obligated under this Agreement.

16.4 Enforceability after Assignment. This Agreement shall be enforceable personally and in total against Lessee and each successor, partial or total, and regardless of the method of succession, to Lessee's interest hereunder. Each successor having actual or constructive notice of this Agreement shall be deemed to have agreed to the preceding sentence.

16.5 Grounds for Refusal. No assignments of this Agreement are contemplated or bargained for. Lessor has the absolute right for any reason or for no reason in its sole discretion to give or withhold consent to any assignment or to impose any conditions upon any assignment. Lessee shall pay to Lessor the sum of Five Hundred and No/100 Dollars (\$500.00) for legal and administrative expenses related to any request for consent.

16.6 Form of Assignment. Any assignment shall be by agreement in form and content acceptable to Lessor. Without limitation, any assignment shall specify and require that each assignee acquiring any interest under this Agreement shall assume and be bound by, and be obligated to perform the terms and conditions of this Agreement, and that in the event Lessor terminates this Agreement because of default by Lessee, Lessor at Lessor's sole option may succeed to the position of Lessee as to any assignee of Lessee without liability for any prior breaches or performances by persons other than Lessor.

16.7 Lien Payment. Lessee shall pay all Liens as the same become due, and in any event before any judicial or non-judicial action or proceeding is commenced to enforce a Lien. Lessee shall pay, indemnify, defend and hold Lessor and the Premises free and harmless for, from and against any and all Liens, together with all liability, costs and expenses in connection therewith, including attorney's fees. Lessor shall have the right at any time to post and maintain on the Premises such notices, pay such amounts, file or record such notices, or take such other actions as Lessor may deem necessary to protect Lessor and its property interests against all Liens.

XVII. MISCELLANEOUS

17. Miscellaneous. The following additional provisions shall apply:

17.1 Amendments. This Agreement may not be amended except by a formal writing executed by the parties.

17.2 Limited Severability. In the event any term, condition, covenant, stipulation, agreement or provision herein contained is held to be invalid or unenforceable for any reason, the invalidity of such term, condition, covenant, stipulation, agreement or provision shall in no way affect any other term, condition, covenant, stipulation, agreement or provision herein contained. Further, this Agreement shall be deemed automatically reformed to secure to Lessor the legal, equitable, practical and other benefits of the provisions of this Agreement as written to the very maximum extent permitted by law.

17.3 Conflicts of Interest. No member, official or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement, that is prohibited by law.

17.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

17.5 Nonliability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any performance or amount that may become due to any party or successor, or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement.

17.6 Notices. Except as otherwise indicated, all notices, waivers, demands, requests and other communications required or permitted by this Agreement (collectively, "Notices") shall be in writing and shall be effective only if sent by one or more of the following methods: (a) personal delivery; (b) generally-recognized overnight commercial courier regularly providing proof of delivery, with delivery charges prepaid or duly charged; or (c) United States registered or certified mail, return-receipt requested, postage prepaid, addressed to the parties at the respective addresses set forth opposite their names below, or to any other address or addresses as any party shall designate from time to time by notice given to the other in the manner provided in this section:

If to Lessor: Scottsdale Aviation Director
 15000 N. Airport Dr.
 Scottsdale, AZ 85260

Copy to: City of Scottsdale
 3939 N. Drinkwater Blvd.
 Scottsdale, AZ 85251
 Attn: City Attorney

If to Lessee: Scottsdale Exclusive Transportation, LLC
 16044 North 82nd Street
 Scottsdale, AZ 85260

Notices to Lessee may also be hand-delivered to Lessee's management office at the Premises. Notices given or served by personal delivery shall be deemed to have been received upon tender to the respective party. Notices given or served by mail or commercial courier shall be deemed

to have been given or served as of the date of delivery (whether accepted or refused) established by the United States Postal Service return-receipt or the overnight courier's proof of delivery, as the case may be.

17.7 Time of Essence. Time is of the essence of each and every provision of this Agreement. Any payments due on Saturday, Sunday or an Arizona legal holiday shall be due on the next succeeding day that is not a Saturday, Sunday or an Arizona legal holiday.

17.8 Funding. This subparagraph shall control notwithstanding any provision of this Agreement or any exhibit or other agreement or document related hereto. If funds necessary to fulfill Lessor's obligations under this Agreement are not appropriated by the Scottsdale City Council, Lessor may terminate this Agreement by 30 days notice to Lessee. Termination in accordance with this provision shall not constitute a breach of this Agreement by Lessor. No person will be entitled to any compensation, damages or other remedy from Lessor if this Agreement is terminated pursuant to the terms of this subsection.

17.9 Paragraph Headings. The paragraph headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

17.10 Attorneys' Fees. In the event any action or suit or proceeding is brought by Lessor to collect the Rent due or to become due hereunder or any portion hereof or to take possession of the Premises or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement or to vindicate or exercise any of Lessor's rights or remedies hereunder, Lessee agrees to pay Lessor all costs of such action or suit and all expenses of such action or suit together with such sum as the Court may adjudge reasonable as attorneys' fees to be allowed in said suit, action or proceeding.

17.11 No Third Party Beneficiaries. Except as otherwise expressly provided, no person or entity shall be a third party beneficiary to this Agreement or shall have any right or cause of action hereunder. Lessor shall have no liability to third parties for any approval of plans, Lessee's construction of improvements, Lessee's negligence, Lessee's failure to comply with the provisions of this Agreement (including any absence or inadequacy of insurance required to be carried by Lessee), or otherwise as a result of the existence of this Agreement.

17.12 Exhibits. All exhibits attached hereto are incorporated into this Agreement by this reference.

17.13 Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreement, understanding, negotiation or representation regarding the Premises.

17.14 Further Assurances. Lessee agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as Lessor may reasonably require to consummate, evidence, confirm or carry out the agreement contained herein.

17.15 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement shall be construed according to its plain meaning and neither for nor against any party hereto. Lessee acknowledges that the Rent payable hereunder was negotiated in light of the plain meaning of this

Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

17.16 Survival of Liability. All obligations of Lessee hereunder and all warranties and indemnities of Lessee hereunder shall survive termination of this Agreement for any reason.

17.17 Choice of Law. This Agreement shall be governed by the internal laws of the State of Arizona without regard to choice of law rules. Lessor has not waived its claims procedures as respects this Agreement. Exclusive proper venue for any action regarding this Agreement shall be Maricopa County Superior Court. City and Lessee consent to personal jurisdiction in such court.

17.18 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for Lessee's benefit.

17.19 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the cancellation rights specified in A.R.S. § 38-511.

17.20 Recording. Within 10 days after the date of this Agreement, Lessor shall cause this Agreement to be recorded in the office of the Maricopa County Recorder.

EXECUTED as of the date first written above.

LESSEE: SCOTTSDALE EXCLUSIVE TRANSPORTATION,
LLC, a Delaware limited liability company

By: _____
Tom Smith, Chief Executive Officer

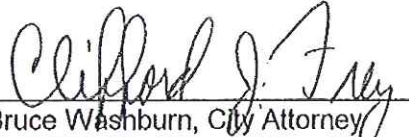
LESSOR: CITY OF SCOTTSDALE, an
Arizona municipal corporation

By: _____
W. J. "Jim" Lane, Mayor

ATTEST:

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:



Bruce Washburn, City Attorney
By: Clifford J. Frey
Senior Assistant City Attorney

Gary P. Mascaro, Aviation Director

Pauline Hecker, Risk Management Director

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____ 2012, by Tom Smith, Chief Executive Officer of SCOTTSDALE EXCLUSIVE TRANSPORTATION, LLC, a Delaware limited liability company.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by W. J. "Jim" Lane, Mayor of the City of Scottsdale, an Arizona municipal corporation.

Notary Public

My Commission Expires:

Exhibit "A"
Lease Premises

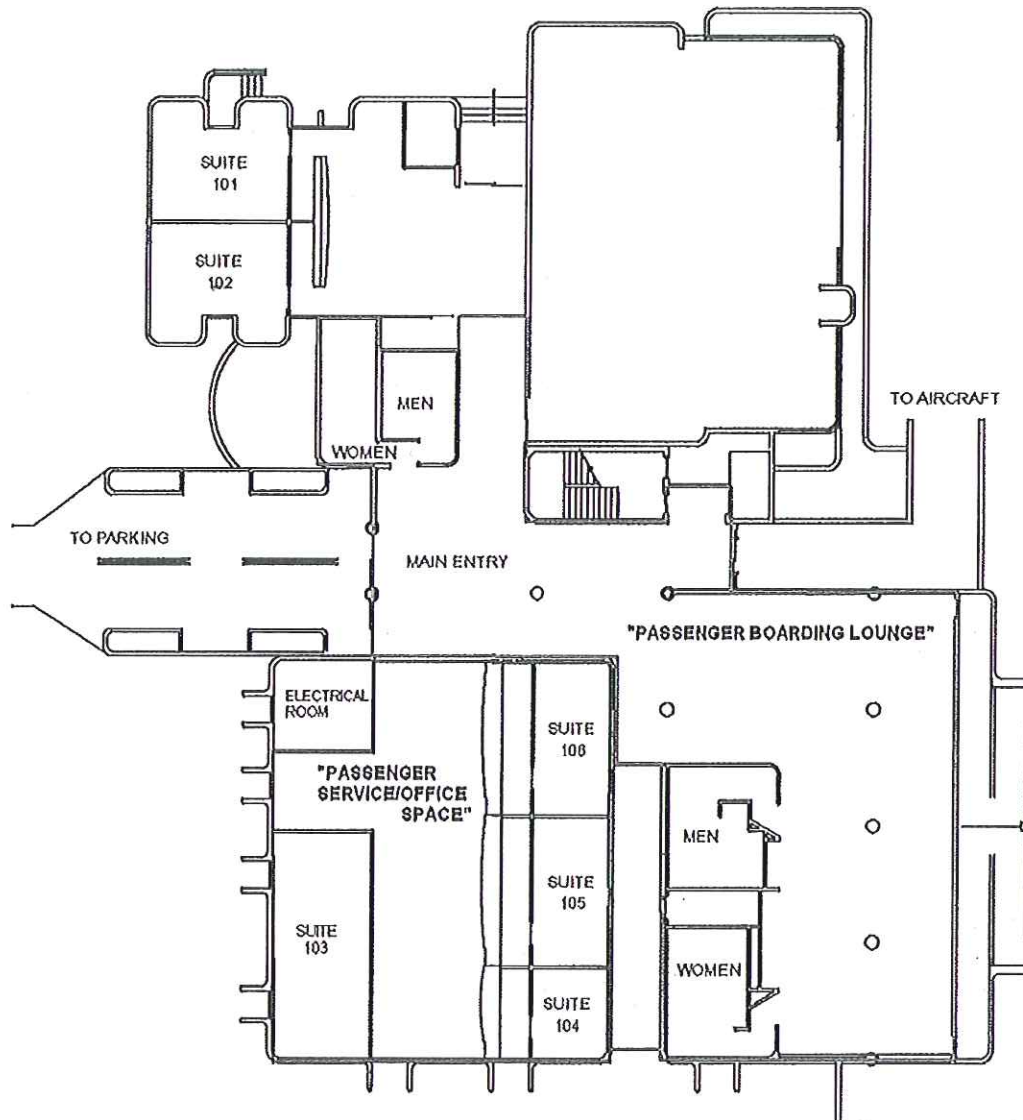


Exhibit "B"
Standards for Letters of Credit

In addition to any other requirements imposed upon a letter of credit (the "Letter of Credit") issued pursuant to this Agreement, each Letter of Credit shall meet and be governed by the following additional standards and requirements:

1. Approved Forms. The form of the Letter of Credit and of drafts upon the Letter of Credit shall be as follows:

1.1 Except as approved in writing by City's Chief Financial Officer or designee, the form of the Letter of Credit shall be in the form set out below.

1.2 Except as approved in writing by City's Chief Financial Officer or designee, the form of drafts upon the Letter of Credit shall be in the form set out below.

2. Issuer Requirements. The issuer of the Letter of Credit shall meet all of the following requirements:

2.1 The issuer shall be a federally insured financial institution with offices in Maricopa County, Arizona, at which drafts upon the Letter of Credit may be presented.

2.2 The issuer shall be a member of the New York Clearing House Association or a commercial bank or trust company satisfactory to City.

2.3 The issuer shall have a net worth of not less than \$1 billion.

Exhibit "B" Cont.
Form of Letter of Credit
(print on bank safety paper)

Date _____, 20__

Letter of Credit No.: _____

Chief Financial Officer
City of Scottsdale
Suite 210
7447 E. Indian School Road
Scottsdale, AZ 85253

Dear Sir or Madam:

We hereby establish our clean, unconditional and irrevocable Letter of Credit in your favor at the request of _____ in the aggregate amount of _____ (\$_____).

We will honor each draft presented to us in compliance with the terms of this Letter of Credit. Drafts shall be in substantially the form attached hereto as **Schedule 1**. Partial draws are permitted. Each draft must be accompanied by a copy of this Letter of Credit. Within ten (10) days after we honor your draft, you must make the original of this Letter of Credit available to us in Maricopa County, Arizona, upon which we may endorse our payment. If we fail to honor any draft, we will inform you of the reason by telephone and in writing no later than 1:00 p.m. Arizona time of the first business day following presentation of the draft. Drafts may be presented by any of the following means:

1. By telefax to (____) _____.
2. By email to _____.
3. By hand or overnight courier service delivery to:

[This address must be in Maricopa County, Arizona.]

4. By hand or overnight courier service delivery to:

**Exhibit "B" Cont.
Form of Letter of Credit**

[This address need not be in Maricopa County, Arizona.]

This Letter of Credit is valid until the first annual anniversary of its issuance and shall thereafter be automatically renewed for successive one (1) year periods, unless at least one hundred twenty (120) days prior to the expiration date we notify you in writing, by either registered or certified mail, that we elect not to renew the Letter of Credit for such additional period. In the event of such notification, any then unused portion of the Letter of Credit shall be available upon your presenting to us your draft on or before the then current expiration date.

This Letter of Credit is subject to the most recent edition as of the date of this Letter of Credit of the Uniform Customs and Practices for Documentary Credits published by the International Chamber of Commerce. This Letter of Credit is not assignable.

_____ [bank name] _____, a _____

By _____ [bank officer's signature] _____

_____ [bank officer's name printed] _____

Its _____ [bank officer's title] _____

Phone: _____ [bank officer's phone number] _____

Exhibit "B" Cont.
Form of Draft on Letter of Credit
(Schedule 1)

To: _____

From: Chief Financial Officer
City of Scottsdale
Suite 210
7447 E. Indian School Road
Scottsdale, AZ 85253

Date: _____, 20____

Ladies and Gentlemen:

Pursuant to your Letter of Credit No. _____, the City of Scottsdale hereby
demands cash payment in the amount of
_____ (\$_____).

Please make your payment to the City of Scottsdale in the form of a wire deposit to:

If such deposit cannot be accomplished immediately for any reason, please make your payment
in the form of a cashier's check issued by your institution and delivered to me at the address
listed above.

I certify that I am the Chief Financial Officer of the City of Scottsdale.

If there is any imperfection or defect in this draft or its presentation, or you do not for any
reason completely promptly pay the entire amount herein requested, please inform me of the
reason immediately at 480-312-2427 and in writing at the address given above so that I can
correct any issue that may exist. Also, please immediately notify the City Attorney at 480-312-
2405 and in writing at 3939 N. Drinkwater Boulevard, Scottsdale, AZ 85251.

Thank you.

City of Scottsdale, Chief Financial Officer



COMMISSION INFORMATION REPORT

Discussion and Input Regarding the 2012 Scottsdale Air Fair

Agenda Item No.: 3

Meeting Date: 02/08/12

Staff Contact: Kate O'Malley,
Planning & Outreach Coordinator

Phone: (480) 312-8482

INFORMATION

Staff and PSM2 shall provide an update on the 2012 Scottsdale Air Fair.



COMMISSION ACTION REPORT

Discussion and Possible Action Regarding the Airport Commission
Liaison Program

Agenda Item No.: 4

Meeting Date: 02/08/12

Staff Contact: Mike Goode,
Chair

Phone: (480) 312-2321

ACTION

Discussion and Possible Action regarding the Airport Commission Liaison (ACL) Program.

PURPOSE

The ACL program was established by the Airport Advisory Commission on April 14, 2010. The purpose of the program would create a number of key strategic focus areas important to the Airport now and in the next five (5) to ten (10) years. The ACL will assign Commissioners to specific strategic focus areas. The following are the focus areas and respective Commissioners currently assigned:

Air Fair	Commissioner Buzzard
Government Relations	Commissioner Hobbi
Security	Chair Goode
Scottsdale Airport Regulations and Standards	Commissioner Schuckert
Planning, Development, and Redevelopment	Vice Chair Bergdoll



COMMISSION INFORMATION REPORT

Discussion and Input Regarding Operations Report for January 2012

Agenda Item No.: 5

Meeting Date: 02/08/12

Staff Contact: Chris Read,
Airport Operations Manager

Phone: (480) 312-2674

INFORMATION

Airport Monthly Operations Update for January 2012.

PURPOSE

The purpose of this item is to keep the Airport Advisory Commission informed of the operational status of the Airport.

BASED AIRCRAFT

	<u>Helicopter</u>	<u>Single Engine</u>	<u>Twin Engine</u>	<u>Jet</u>	<u>Total</u>
Current Month	26	233	48	126	433
January 2011	25	237	42	126	430

OPERATIONS

	<u>January 2011</u>	<u>January 2012</u>	<u>% Δ</u>	<u>2011 YTD</u>	<u>2012 YTD</u>	<u>% Δ</u>
Total	13,898	14,387	3.5	13,898	14,387	3.5
IFR	3,614	3,559	-1.5	3,614	3,559	-1.5

ALERTS

<u>Date</u>	<u>Type</u>	<u>Description</u>
01/01/12	2	Citation 680, faulty gear indication
01/04/12	1	Mooney, un-commanded landing gear deployment at cruise speed
01/09/12	1	Cirrus SR-22, in-flight fuel leak
01/20/12	2	Piper Saratoga, rough running engine

Commission Information Report

Airport Monthly Operations Update for January 2012

Agenda Item No.: 5**INCIDENTS**

<u>Date</u>	<u>Time</u>	<u>Description</u>
		NONE

ENFORCEMENT ACTIONS

<u>Date</u>	<u>Violation</u>	<u>Enforcement Method Used</u>	<u>Comments</u>
01/11/12	Failure to file visiting aircraft notice with Director's office	Written Notice of Violation	2 nd Violation

U.S. CUSTOMS UPDATE (FYTD)

<u>Revenue</u>	<u>Total Uses</u>	<u>U.S. Visit Uses</u>	<u>Comments</u>
\$91,375	224	6	January 2012 flights included passengers from Croatia, Italy and Switzerland

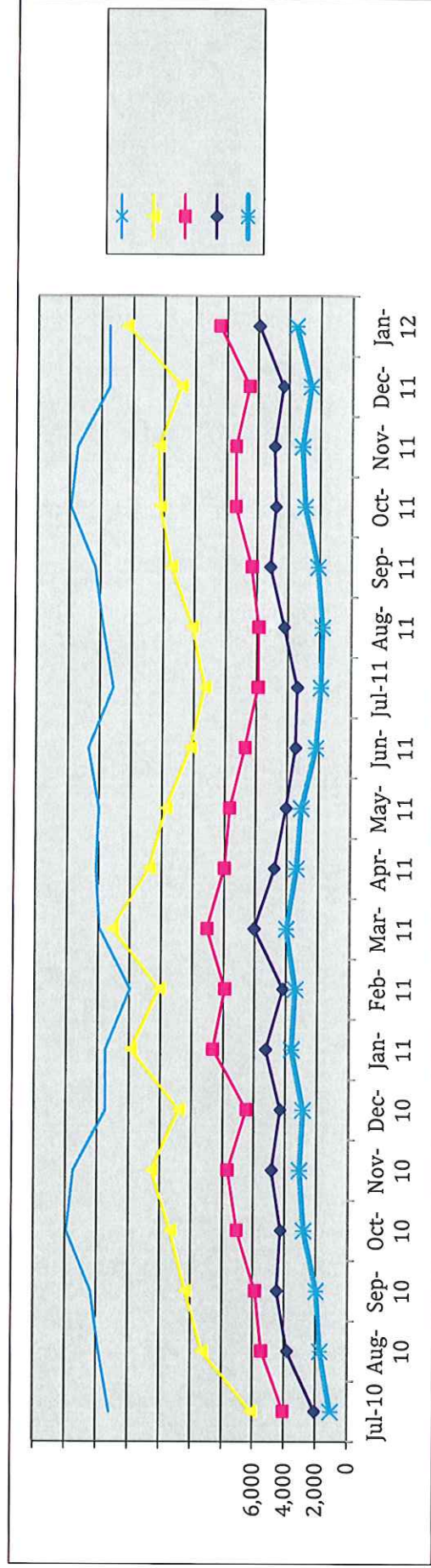
75,000 lbs. + PPR = 1 (calendar year 2012)

Attachment(s): 1. Scottsdale Airport Operations 2010 -2012



SCOTTSDALE AIRPORT OPERATIONS 2010-2012

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
ITIN	4,044	5,438	5,843	7,051	7,671	6,468	8,630	7,902	9,051	7,987	7,668	6,699	5,892	5,871	6,321	7,387	7,382	6,516	8,449
LOCAL	2,052	3,791	4,482	4,256	4,862	4,328	5,268	4,196	6,047	4,801	4,067	3,487	3,397	4,247	5,163	4,825	4,930	4,374	5,938
IFR	1,021	1,694	1,964	2,782	3,066	2,875	3,614	3,398	3,991	3,376	3,094	2,181	1,891	1,807	2,107	2,957	3,144	2,611	3,559
TOTAL	6,096	9,229	10,325	11,307	12,533	10,796	13,898	12,098	15,098	12,788	11,735	10,186	9,289	10,118	11,484	12,212	12,312	10,890	14,387



** July 2010 Operational Numbers Abnormally Low Due to 11 Day Runway Closure**

PRE-RECESSION COMPARISON

	Jan-07	Jan-12	% change
ITIN	11,927	8,449	-29.2%
LOCAL	3,566	5,938	66.5%
IFR	5,030	3,559	-29.2%
TOTAL	15,493	14,387	-7.1%



COMMISSION INFORMATION REPORT

Discussion and Input Regarding Monthly
Financial Reports for December 2011

Agenda Item No: 6

Meeting Date: 02/08/12

Staff Contact: Shannon Johnson,
Management Analyst

Phone: (480) 312-8475

AVIATION OPERATING BUDGET FISCAL YEAR 2011/12

	FY 2011/12 Adopted Budget	FY 2011/12 Approved Budget		FY 2011/12 Year to Date (through December 2011)			
				Approved Budget	Actual	Dollar Variance	% Variance
Revenue	\$3,063,886	\$3,063,886	Revenue	\$1,489,002	\$1,534,219	\$45,217	3%
Expenses	\$1,705,659	\$1,705,659	Expenses	\$916,203	\$809,382	-\$106,821	-12%
Net	\$1,358,227	\$1,358,227	Net	\$572,799	\$724,837	\$152,038	27%

AVIATION FUND CASH BALANCE

	Operating	CIP Funds	Total
As of 12/31/11	\$4,065,471	\$983,216	\$5,048,688
As of 11/30/11	\$3,939,046	-\$140,145	\$3,798,901

MONTHLY REVENUE AND EXPENDITURE COMPARISON (ACTUALS)

	December 2010	December 2011	Dollar Variance	% Variance
Revenue	\$249,232	\$320,555	\$71,323	29%
Expenses	\$99,848	\$109,334	\$9,486	10%
Net	\$149,384	\$211,221	\$61,837	41%

ACCOUNTS RECEIVABLE AGING REPORT

Dec-11

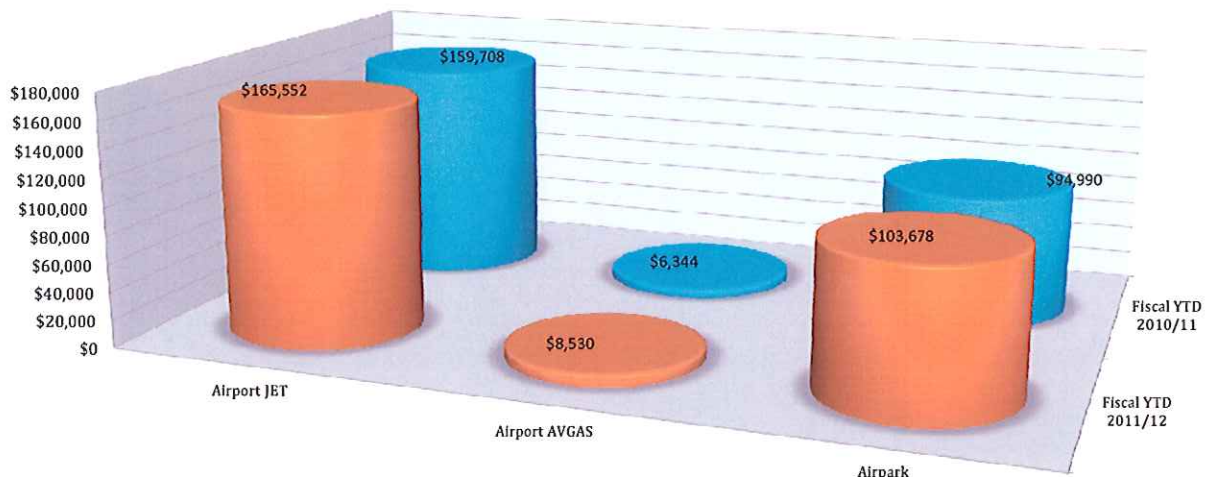
		Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	>120 Days	Total Amt Due
All Accounts	Total	67,375.85	20,767.10	-1,476.28	-72.41	23.43	336.77	86,954.46

Fuel Flowage (@ \$0.08 per gallon)

	December 2010			December 2011			% Change From Last Yr
	Revenue	Gallons	% Total	Revenue	Gallons	% Total	
Airport JET	\$36,211	452,639	66.9%	\$31,182	389,779	65.6%	-13.9%
Airport AVGAS	\$1,078	13,478	2.0%	\$1,342	16,777	2.8%	24.5%
Airpark	\$16,878	210,972	31.2%	\$14,991	187,388	31.5%	-11.2%
	\$54,167	677,089	100.0%	\$47,516	593,944	100.0%	-12.3%

	Fiscal YTD 2010/11			Fiscal YTD 2011/12			% Change From Last Yr
	Revenue	Gallons	% Total	Revenue	Gallons	% Total	
Airport JET	\$159,708	1,996,349	61.2%	\$165,552	2,069,400	59.6%	3.7%
Airport AVGAS	\$6,344	79,298	2.4%	\$8,530	106,628	3.1%	34.5%
Airpark	\$94,990	1,187,377	36.4%	\$103,678	1,295,979	37.3%	9.1%
	\$261,042	3,263,023	100.0%	\$277,761	3,472,007	100.0%	6.4%

Scottsdale Airport Fuel Flowage (@ \$0.08 per gallon) - Fiscal Year-to-Date





COMMISSION INFORMATION REPORT

Discussion and Input Regarding the Marketing, Community and Pilot Outreach Programs

Agenda Item No.: 7

Meeting Date: 02/08/12

Staff Contact: Kate O'Malley,
Planning & Outreach Coordinator

Phone: (480) 312-8482

INFORMATION

Monthly update of the marketing, community and pilot outreach programs at Scottsdale Airport.

PURPOSE

The purpose of this item is to keep the Airport Advisory Commission informed of the airport's marketing and outreach efforts.

Marketing Program

#	Description	Purpose	Status
1	Channel 11 Video – Scottsdale Airpark Close-Up, other segments to follow	Produce marketing video showcasing Scottsdale Airport. Explore other outreach efforts via Channel 11. Working with City Public Information and Economic Vitality to collaboratively produce.	In progress
2	Tradeshows	Partnering with the Scottsdale CVB for outreach at NBAA conventions. Exhibited at the 2012 Schedulers and Dispatchers Conference. Preparing for the annual conference.	In Progress
3	Leverage Social Media	Researching ways to utilize social media to promote the airport and the City of Scottsdale.	In Progress

Community Outreach

#	Description	Purpose	Status
1	Brochures, flyers, other print materials	Updated airport brochure is available.	As needed
2	Website Updates	Permits and checklists are now available as electronically fillable forms. Updated regulatory documents are now on the website.	In Progress
3	2012 Air Fair	Working with PSM-2 to recruit sponsors, plan and promote the event.	In progress
4	Monitor property development through the Planning Department	Work with the Planning Department to protect the airspace and development uses near Scottsdale Airport. In January, no new projects within the Airport Influence Area were listed in the Planning and Zoning reports.	On-going

5	Homeowner Association (HOA) Outreach	Meet with interested homeowner associations to discuss Scottsdale Airport programs, operating facts, and any Airport points of interest to individual HOAs. Available upon request.	As needed
6	Realtor Outreach	Meet with Realtors and Real Estate Agents and provide disclosure information about Scottsdale Airport and its role in the community. This information is intended to be shared with prospective homebuyers prior to a home purchase. Available upon request. Presented to one realtor group in January.	As needed
7	Community Outreach	Meet with schools, civic, and faith based organizations within the Airport Influence Area to discuss Scottsdale Airport programs, operating facts, and any Airport points of interest to individual community organization. Available upon request. Available upon request.	As needed
8	Channel 11 Video - Scottsdale Airport and Aircraft Noise	Produce video showcasing Scottsdale Airport and aircraft noise information for community members.	Future project
9	Friendly Flight Forums	Encourage periodic educational opportunities for pilots to communicate with interested members of the community on physics of flight, aircraft parts, familiarization of procedures, and "see and touch" aircraft.	Future project
Pilot Outreach			
#	Description	Purpose	Status
1	Major Transient Operator Communication	Provide noise abatement education directly with major transient operators. Work with FBOs, aviation groups and tenants. Will begin pilot briefings in March, in partnership with the Scottsdale Federal Aviation Administration Air Traffic Control Tower.	On-going
2	Stage 2 Operator Outreach	Communicate with Stage II aircraft operators to increase pilot awareness that Scottsdale Airport is surrounded by noise sensitive communities. If noise complaints from Stage II aircraft are received, aviation staff will work to make contact with the pilot (if possible) to remind them of the "fly neighborly" procedures. In January, no Stage 2 letters were sent to an aircraft operator.	As needed
3	Voluntary Curfew Outreach (10:00 p.m. - 6:00 a.m.)	Communicate with aircraft operators and remind pilots that noise sensitive communities surround Scottsdale Airport. Promote the voluntary curfew of 10:00 p.m. - 6:00 a.m. If noise complaints during the voluntary curfew hours are received, aviation staff will work to make contact with the pilot to remind them of the voluntary curfew procedures. In January, one voluntary curfew reminder letter was sent out.	As needed
4	Pilot "Good Neighbor" Pledge	Document pilot support for Scottsdale Airport's noise abatement and community outreach programs, and generate increased pilot awareness and encouragement to operate neighborly.	As needed
5	Educational Video	Prepare an educational, interactive video for pilots highlighting the "fly neighborly" procedures at Scottsdale Airport. The educational video will be available on the airport website, and will be used at pilot briefings.	Future project



COMMISSION INFORMATION REPORT

Discussion and Input Regarding Airport/Airpark Permittees Aeronautical Business Permit Additions, Cancellations, and Revocations

Agenda Item No.: 8

Meeting Date: 02/08/12

Staff Contact: Shannon Johnson,
Management Analyst

Phone: (480) 312-8475

INFORMATION

Review of Airport and Airpark permittees and major tenant Aeronautical Business Permit additions, cancellations, and revocations.

PURPOSE

Per the request of the Airport Advisory Commission, a report will be provided as needed indicating additions, cancellations, and revocations of Aeronautical Business Permits.

KEY CONSIDERATIONS

- Attached are the current lists of Airport and Airpark permittees.
- List provides what type of aeronautical activity the business is conducting and the contact information.
- Any additions, cancellations, suspensions, and revocations will be highlighted on the tenant list.

Attachment(s): 1. Current Airport Permittee List by Category
2. Current Airpark Permittee List by Category

**Airport Aeronautical Business Permittees & Major Tenants
February 2012**

**Aircraft Charter / Management
& Sales**

BUSINESS NAME	ACTIVITY	LOCATED	CONTACT	PHONE	FAX
AERO CARE MEDICAL TRANSPORT	A/C CHARTER	LMSC	JOSEPH CECE	630-466-0800	630-466-1336
ANGEL JET SERVICES	A/C CHARTER BROKERAGE	SAC	GENE BISHOP	877-264-3570	888-883-9506
ARIZONA PIPER	A/C SALES	LMNC	CHASE BENNETT	480-214-0440	480-214-0441
BARRON THOMAS	A/C SALES	LMSC	BARRON THOMAS	480-951-6207	480-951-6229
AVIATION WEST CHARTERS	A/C CHARTER / MGMT	SAC	EDDIE OCHOA	480-253-3902	480-253-3903
BUSINESS AIRCRAFT MGMT	A/C SALES, MGMT, CHARTER	SAC	GORDON JOHNSON	480-905-8659	480-905-9365
CALIBER JET	A/C CHARTER / MGMT	ACC	PETER WOOD	440-420-4000	440-348-2401
CORPORATE JETS	A/C CHARTER / MGMT	LMSC	ROBERT SHAW	757-875-7779	203-306-3202
EXECUTIVE FLIGHT SERVICES	A/C SALES	ACC	KARL GIMBEL	480-922-8681	480-951-4868
GLOBALJET CORPORATION	A/C CHARTER/MGT	LMSC	THOMAS LINN	480-563-4711	702-974-0162
JET PROS, LLC	A/C CHARTER/BROKERAGE	MOBILE	MARGARET PIONTEK	480-444-2452	480-575-9920
PINNACLE AIR GROUP	A/C CHARTER / MGMT	ACC	SCOTT GUETTI	480-998-8989	480-922-6566
SAWYER CHARTER SERVICE	A/C SALES & CHARTER	LMNC	CHAD & MARY VERDAGLIO	480-922-2723	480-922-5653
SCOTTSDALE FLYERS	A/C CHARTER / MGMT	ACC	KARL GIMBEL	480-922-8681	480-951-4868
SEDONA SKY TREKS	A/C CHARTER / MGMT	LMNC	TOM NEWMAN	480-998-1675	602-368-1015
SKY BLUE HELICOPTERS	A/C CHARTER	ACC	FREDERICK CLEEVES	480-759-2583	N/A
TEMPUS JETS	A/C CHARTER BROKERAGE	SAC	JOSHUA ALLEN	480-304-5093	602-325-4031
TURBO NATIONAL	A/C SALES	SAC	BOB RODGERS	480-948-1993	480-991-2363

**Aircraft Rental / Leasing &
Flight Training**

ALLIANCE AIRCRAFT SERVICES	A/C RENTAL / TRAINING	ABC	GUY MILANOVITS	480-614-1166	480-048-1230
BONESTEEL, JUNE	GROUND SCHOOL TRAINING	LMSC	JUNE BONESTEEL	602-569-0200	602-569-1296
JET SAFETY INTERNATIONAL LLC	FLIGHT TRAINING	LMSC	DUNCAN HASTIE	602-618-3623	N/A
PLUS 5 SPORT AERO	FLIGHT TRAINING	LMNC	BUD DAVISON	602-971-3991	602-971-3896
SAWYER AVIATION, LLC	A/C RENTAL / TRAINING	LMNC	CHAD & MARY VERDAGLIO	480-922-5221	480-922-5653
SDL HOLDINGS	FLIGHT TRAINING	LMSC	JIM KOZIARSKI	904-273-3018	904-273-1511
SOUTHWEST FLIGHT CENTER	A/C RENTAL / TRAINING	ABC	GARY LEWIN	480-991-2880	480-991-2968
UNIVERSAL HELICOPTERS INC.	TRAINING, LEASING/PHOTO	LMSC	GORDON JIROUX	480-951-6283	480-951-6285

**Aircraft Maintenance
& Repair**

AERO JET SERVICES LLC	A/C MAINTENANCE	SAC	MIKE AABY	480-922-7441	480-922-8297
CESSNA AIRCRAFT COMPANY	A/C MAINTENANCE	MOBILE	RANDALL SOUTIERE	480-840-9430	N/A
CUTTER AVIATION DEER VALLEY	A/C MOBILE MTC / REPAIR	MOBILE	BRAD KATHRINS	602-267-4071	602-267-2806
DUNCAN AVIONICS	AVIONICS REPAIR	SAC	JIM DAVIS	480-922-3575	480-951-9234

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension pending revocation

Red indicates revocation

E & J AVIATION	A/C MOBILE MTC / REPAIR	MOBILE	EARL LONG	602-695-6024	602-840-5598
EXECUTIVE AIRCRAFT MTC.	A/C MAINTENANCE	SAC	GORDON JOHNSON	480-991-0900	480-991-3067
HAWKER BEECHCRAFT	A/C MOBILE MTC	MOBILE	JOHN MANSFIELD	480-457-8410	480-457-8489
SCOTTSDALE FLYERS	A/C MAINTENANCE	MOBILE	KARL GIMBEL	480-922-8681	480-951-4868
STANDARD AERO	A/C MAINTENANCE	LMNC	JOE BRADY	480-377-3146	480-377-3105
Aircraft Washing / Detailing					
AERO PANACHE	AIRCRAFT WASHING	MOBILE	TODD PUCKETT	602-531-5505	N/A
APPEARANCE GROUP	AIRCRAFT WASHING	MOBILE	DONALD HENRY	316-945-2575	316-943-0820
CLASSIC AIR AVIATION	AIRCRAFT WASHING	MOBILE	JON MARPLE	602-574-5376	440-664-3568
EUROPEAN DETAIL AVIATION	AIRCRAFT WASHING	MOBILE	PERRY DODD	602-956-6464	602-956-6470
THE ALLEN GROUPE	AIRCRAFT WASHING	MOBILE	ROBERT KOPEC	317-525-6091	317-227-2770
TIME FOR SALE	AIRCRAFT WASHING	MOBILE	CAROLYN NELSON	602-295-7181	N/A
WEST COAST WASH STATION	AIRCRAFT WASHING	MOBILE	MIKE ADAMS	480-443-7320	N/A
Auto Rental Services					
ALAMO/NATIONAL CAR RENTAL	RENTAL CARS	TERM	MIKE ROLLINS	480-948-4884	480-948-7444
AVIS RENT A CAR SYSTEMS	RENTAL CARS	APK	PETER SERENA	480-948-4993	602-273-3215
ENTERPRISE RENT A CAR	RENTAL CARS	APK	ERIC BULLIS	480-315-8051	480-315-1938
GO RENTALS	RENTAL CARS	APK	KAVOUS GITIBIN	480-991-0117	949-222-1909
HERTZ RENT-A-CAR	RENTAL CARS	TERM	SIMON ELLIS	480-609-6657	480-609-4318
Fixed Base Operators					
LANDMARK AVIATION	FIXED BASE OPERATOR (FBO)	LM	MATTHEW WRIGHT	480-948-2400	480-948-3874
SCOTTSDALE AIRCENTER	FIXED BASE OPERATOR (FBO)	SAC	TOMMY WALKER	480-951-2525	480-951-2595
SCOTTSDALE FBO	FIXED BASE OPERATOR (FBO)	LMNC	MATTHEW WRIGHT	480-443-7205	480-948-3874
Hangar / Shade & Office Leasing Services					
AIR COMMERCE CENTER	OFFICE/HANGAR RENTALS	ACC	JOHN MEYER	480-483-1985	480-483-1726
LANDMARK SOUTH COMPLEX	OFFICE/HANGAR RENTAL	LMSC	MATTHEW WRIGHT	480-948-2400	480-948-3874
In-Flight Catering Services					
IN-FLIGHT CONCIERGE	IN FLIGHT CATERING	MOBILE	DEBRA EVANS	602-956-8512	480-683-2893
JASON'S DELI	IN FLIGHT CATERING	MOBILE	DANIEL DEVER	480-443-3811	480-443-9718
JONATHANS JET CATERING	IN FLIGHT CATERING	MOBILE	JONATHAN BURDICK	480-359-5538	480-719-8869

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension pending revocation

Red indicates revocation

Other Specialty Services					
COOPER AERIAL SURVEYS	AERIAL SURVEYS	MOBILE	MIKE WONG	602-678-5111	602-678-5228
Pilot Shop					
SCOTTSDALE PILOT SHOP	RETAIL SALES AVIATION-RELATED	ABC	JOE MONKS	480-948-8994	480-948-8995
U.S. Government					
FAA CONTROL TOWER	SDL AIR TRAFFIC CONTROL	TOWER	JACQUELINE JACOBS	480-609-7585	480-922-4982
US CUSTOMS	US CUSTOMS	ABC	OFFICER KENNEDY	480-312-8483	480-312-8485

ABC = Aviation Business Center, 15041 N. Airport Drive, Scottsdale, AZ 85260
 ACC = Air Commerce Center, 14605 N. Airport Drive, Scottsdale, AZ 85260
 APK = Various Locations in Airport
 LM = Landmark Aviation, 14600 N. Airport Drive, Scottsdale, AZ 85260
 LMSC = Landmark South Complex, 14700 N. Airport Drive, Scottsdale, AZ 85260
 SAC = Scottsdale Air Center, 15290 N. 78th Way, Scottsdale, AZ 85260
 LMNC = Landmark North Complex, 15115 N. Airport Drive, Scottsdale, AZ 85260
 TERM = Scottsdale Airport Terminal, 15000 N. Airport Drive, Scottsdale, AZ 85260
 TOWER = FAA Air Traffic Control Tower, 14960 N. 78th Way, Scottsdale, AZ 85260

**Airpark Aeronautical Business Permittees & Tenants
February 2012**

**Aircraft Charter / Sales
& Management**

BUSINESS NAME	ACTIVITY	LOCATED	CONTACT	PHONE	FAX
AERO JET SERVICES	A/C CHARTER/MGMT	AIRPARK	MIKE AABY	480-922-7441	480-922-8297
ASSURED FLIGHT	A/C MANAGEMENT	AIRPARK	CURTIS PIERCE	602-284-7641	602-532-7886
AXIS AVIATION	A/C MANAGEMENT	AIRPARK	MATTHEW BOSCO	916-391-5000	916-391-5001
GEMINI AIR GROUP	A/C MANAGEMENT	AIRPARK	TIM CARPAY	480-991-5387	480-991-3373
JETS ONLY	A/C MANAGEMENT	AIRPARK	PATRICK COLCERI	602-549-4549	480-659-6051
PEAK AERO GROUP	A/C MANAGEMENT	AIRPARK	KEN FRAZIER	970-275-6052	800-641-2833
PINNACLE AIR GROUP	A/C CHARTER/MGMT & SALES	AIRPARK	SCOTT GUETTI	480-998-8989	480-998-7993
PULVER AVIATION	A/C MANAGEMENT	AIRPARK	DAVID PULVER	480-249-4154	480-249-4155
THE COFFMAN COMPANIES	A/C MANAGEMENT	AIRPARK	JEFF COFFMAN	480-393-0770	480-393-7774
SCOTT AIR - ISLAND AIR EXPRESS	A/C CHARTER	AIRPARK	SCOTT CURRIER	602-274-4370	602-285-9295
VERTICAL AVIATION	H/C CHARTER/MGMT & SALES	AIRPARK	JOHN CASTROGIOVANNI	480-991-6558	480-907-2759

**Aircraft Rental / Leasing &
Flight Training**

SCOTTSDALE HELICOPTER SVCS	H/C FLIGHT TRAINING	AIRPARK	MICHAEL OLSSON	480-232-8164	480-306-4130
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**Aircraft & Helicopter
Maintenance & Repair**

SOUTHWEST FLIGHT CENTER	A/C MAINTENANCE	AIRPARK	GARY LEWIN	480-991-2880	480-991-2968
VERTICAL AVIATION	H/C MAINTENANCE	AIRPARK	JOHN CASTROGIOVANNI	480-991-6558	480-907-2759

**Hangar / Shade &
Office Leasing Services**

AIRE LANE	HANGAR/SHADE LEASING	AIRPARK	MOSHE BAR	480-483-8107	480-483-8172
ASTOR AIRPARK HOLDINGS	HANGAR/SHADE LEASING	AIRPARK	REG COOPER	480-483-1999	480-443-7776
AZ AVALON PARTNERS	HANGAR SHADE LEASING	AIRPARK	TOMMY CONSTANTINE	480-502-7700	888-317-4689
BALSON INVESTMENTS	HANGAR/SHADE LEASING	AIRPARK	LYNN BABCOCK	480-922-9945	480-922-0839
BATES FAMILY TRUST	HANGAR/SHADE LEASING	AIRPARK	AUSTIN BATES	480-443-8287	480-443-8385
BCO	HANGAR/SHADE LEASING	AIRPARK	LYNN BABCOCK	480-922-0490	480-922-0839
BORDEN PROPERTIES	HANGAR/SHADE LEASING	AIRPARK	MICHAEL BORDEN	623-889-7646	623-889-7647
B & R INVESTMENTS	HANGAR/SHADE LEASING	AIRPARK	BRUCE REDDING	480-483-1985	480-483-1726
BRAINWASH	HANGAR/SHADE LEASING	AIRPARK	MILLS SINCLAIR	480-609-1109	480-609-1159
BRO, KENT & BETSY	HANGAR/SHADE LEASING	AIRPARK	KENT BRO	480-948-8955	480-948-8645
CHALPIN FAMILY ENTERPRISES	HANGAR/SHADE LEASING	AIRPARK	MITCHELL CHALPIN	480-951-9000	480-951-0991

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension/pending revocation

Red indicates revocation

CLAYTON HANGAR	HANGAR/SHADE LEASING	AIRPARK	STEVE BERGHOFF	480-941-2260	480-423-0689
COURTHOUSE COMMERCIAL	HANGAR/SHADE LEASING	AIRPARK	JOSEPH ODDO	480-998-1444	480-951-1392
CVE, INC.	HANGAR/SHADE LEASING	AIRPARK	KEITH MILLER	480-368-5205	480-945-6369
CWIE MANAGEMENT RESOURCES	HANGAR/SHADE LEASING	AIRPARK	FRANK CADWELL	480-449-7751	480-449-8814
DEVELOPMENT SERVICES	HANGAR/SHADE LEASING	AIRPARK	RICHARD WILSON	480-927-4888	480-927-4889
ECHO EXECUTIVE PARK	HANGAR/SHADE LEASING	AIRPARK	MICHAEL BROWN	480-829-7190	480-829-7506
ELSE EMOFF LIVING TRUST	HANGAR/SHADE LEASING	AIRPARK	HOWARD OHLHAUSEN	480-991-7272	480-483-7674
FOUNDERS CORPORATE CENTER	HANGAR/SHADE LEASING	AIRPARK	BILL SCHUKERT	480-922-0460	480-483-8409
GRAYSTAR CORPORATION	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
GREAT AMERICAN HANGAR	HANGAR/SHADE LEASING	AIRPARK	MARK BOSCO	916-391-5000	916-391-5001
HANGAR THREE	HANGAR/SHADE LEASING	AIRPARK	JIM KEELEY	480-596-9000	480-948-0502
JOC	HANGAR/SHADE LEASING	AIRPARK	ROBERT DOBBERTIN	574-232-8213	574-232-8223
JOHN CAUVIN /former Windmill Inns	HANGAR/SHADE LEASING	AIRPARK	JOHN CAUVIN	480-443-0909	480-443-7635
JON VESELY REVOCABLE TRUST	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
L & B MANAGEMENT	HANGAR/SHADE LEASING	AIRPARK	BRUCE REDDING	480-483-1985	480-483-1726
LEX CAPITAL	HANGAR/SHADE LEASING	AIRPARK	BILL SCHUCKERT	480-922-0460	480-483-8409
MOBILE INN ASSOCIATES	HANGAR/SHADE LEASING	AIRPARK	MARTIN DEHAAN	480-483-1985	480-483-1726
NELSON, ROBERT	HANGAR/SHADE LEASING	AIRPARK	ROBERT NELSON	480-991-1085	480-991-2393
PACIFIC MARINE MANAGEMENT	HANGAR/SHADE LEASING	AIRPARK	AL CHITTENDEN	360-653-4266	360-659-4216
PACIFIC REALTY HOLDINGS	HANGAR/SHADE LEASING	AIRPARK	RICHARD CORNWELL	480-951-1212	480-951-3027
PAR DEVELOPMENT	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
PLO PROPERTIES	HANGAR/SHADE LEASING	AIRPARK	LYN OLIVIER	480-948-3789	480-948-3610
RM & JM, LLC	HANGAR/SHADE LEASING	AIRPARK	ROBERT MEADE	602-315-5906	N/A
SCOTTSDALE AIRPARK FUND II	HANGAR/SHADE LEASING	AIRPARK	KELLY KUNZ	480-609-3936	480-596-1951
SCOTTSDALE HANGAR ONE	HANGAR/SHADE LEASING	AIRPARK	PATRICK COLCIERI	480-797-1522	480-659-6051
SKY PEAK	HANGAR/SHADE LEASING	AIRPARK	TONYA COLE	480-483-8107	480-483-8172
SOUTHWEST JET CORP CENTER	HANGAR/SHADE LEASING	AIRPARK	JEFF SCHLUETER	480-991-7076	480-991-8511
SUNSTATE AVIATION	HANGAR/SHADE LEASING	AIRPARK	MICHAEL FESSENDEN	602-683-0283	602-683-0321
TC HANGAR 3	HANGAR/SHADE LEASING	AIRPARK	JIM KEELEY	602-254-7457	602-252-8236
TC HANGAR GIANT	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
VIA LINDA-ANCALA	HANGAR/SHADE LEASING	AIRPARK	DAVE CHRISTENHOLZ	480-585-3790	480-585-9373
WALLACE HOLDINGS	HANGAR/SHADE LEASING	AIRPARK	BOB WALLACE	480-998-8861	480-998-0388
VERTICAL AVIATION	HANGAR/SHADE LEASING	AIRPARK	JOHN CASTROGIOVANNI	480-991-6558	480-907-2759
22B AIRPARK /former Tbird Properties	HANGAR/SHADE LEASING	AIRPARK	CINDY ADAMS	480-483-1985	480-483-1726
7689, LLC	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-289-5715	480-751-1559

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension/pending revocation

Red indicates revocation



COMMISSION INFORMATION REPORT

Discussion and Input Regarding Status of Aviation Items to City Council

Agenda Item No.: 9

Meeting Date: 02/08/12

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

INFORMATION

Discussion and input regarding status of the Airport Advisory Commission's 2012 items to City Council, and aviation-related items approved by Planning Commission, Design Review Board, or City Council.

- Attachment(s):
1. Airport Advisory Commission Items to City Council –2012
 2. Aviation-related items to Planning Commission , Design Review Board, or City Council- 2012
 3. City Council Meeting Calendar - 2012

**AIRPORT ADVISORY COMMISSION AVIATION ITEMS TO CITY COUNCIL
2012**

AIRPORT COMMISSION DATE	APPROVED	ITEM DESCRIPTION	CITY COUNCIL DATE	APPROVED
12/14/11	6-0	Flight School Lease Amendment Adoption of Resolution No. 8907 authorizing contract 2012-001-COS with Alliance Flight Schools, LLC, a lease agreement for office space in the Aviation Business Center	1/24/12	Approved 7 - 0
2/08/12		Rental Car Lease Agreements Discussion and Possible Action to recommend adoption of Resolution No. 8961 approving and authorizing execution of contract No. 2012-010-COS and No. 2012-011-COS, with Hertz Corporation and Enterprise Leasing Company of Phoenix, LLC, lease agreements for commercial office space at the Scottsdale Airport Terminal building	2/28/12	
2/08/12		Office Space and Aircraft Parking Lease Agreement Discussion and Possible Action to recommend adoption of Resolution No. 8960 approving and authorizing contract No. 2012-009-COS with Scottsdale Exclusive Transportation, LLC, a lease agreement for office space and aircraft parking spaces at the Scottsdale Airport Terminal building	2/28/12	

AVIATION-RELATED ITEMS TO PLANNING COMMISSION, DESIGN REVIEW BOARD OR CITY COUNCIL
 (Projects that may be on airport, have taxilane access, have height implications, or have sensitive noise uses)
 2012

AIRPORT COMMISSION DATE	APPROVED	ITEM DESCRIPTION	PLANNING, DRB, OR CITY COUNCIL AGENDA DATE	APPROVED
NA	NA	1-PE-2009 Scottsdale Quarter - Request for Perimeter Exception approval to divide the site into four parcels for the respective current and future developers.	CC – 1/10/12	Approved 7 - 0
NA	NA	85-DR-2011 Scottsdale Center Medical Building - Request approval of the site plan, landscape plan and building elevations for the final phase of a medical center, with 19,000 square feet of building area on a 8.5 acre site.	DRB – 2/16/12	Approved 7 - 0

2012 -- City Council Meeting Calendar

JANUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

APRIL						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

OCTOBER						
S	M	T	W	T	F	S
7	8	9	10	11	12	13
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28	29	30	31			

FEBRUARY						
S	M	T	W	T	F	S
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12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29			

MAY						
S	M	T	W	T	F	S
6	7	8	9	10	11	12
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27	28	29	30	31		

AUGUST						
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5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

NOVEMBER						
S	M	T	W	T	F	S
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MARCH						
S	M	T	W	T	F	S
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
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JUNE						
S	M	T	W	T	F	S
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17	18	19	20	21	22	23
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SEPTEMBER						
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23	24	25	26	27	28	29
30						

DECEMBER						
S	M	T	W	T	F	S
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Key



January - 1 New Year's Day (Observed 01/02)

January - 16 MLK Holiday

January - 31 Phoenix Open Opening Party Night

February - 23 State of the City Address

February - 20 Presidents Day

March - 10-14 NLC

April - 6-14 Passover

May 15 - Tentative Budget Adoption

May 28 - Memorial Day

June 5 - Final Budget Adoption

July - 4 Independence Day

August - 28-31 League Conference

September - 3 Labor Day; 16-18 Rosh Hashanah; 25-26 Yom Kippur

October - 23-25 Major General Plan Amendments

November - 22-23 Thanksgiving; 27-Dec 1 NLC

December - 8-16 Chanukah; 25 Christmas



COMMISSION ACTION REPORT

Discussion and Possible Action to Modify the Airport Advisory
Commission Meeting Schedule and Commission Item Calendar

Agenda Item No.: 10

Meeting Date: 02/08/12

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

ACTION

Review Airport Advisory Commission Meeting Schedule for 2012

PURPOSE

Pursuant to By-Laws of the Scottsdale Airport Advisory Commission, Section 202, *"Regular meetings of the Commission shall be held on the second Wednesday of each month immediately following the study session, unless otherwise scheduled by majority vote of its members. In the event the Commission desires not to hold the preceding study session, the regular meeting shall begin at 6:00 p.m., unless otherwise scheduled by majority vote of its members."*

Attachment(s): 1. Airport Advisory Commission Schedule of Meetings/Items – 2012

Action taken:

AIRPORT ADVISORY COMMISSION SCHEDULE OF MEETINGS - 2012

(Including anticipated topics and timeline for discussion)

JANUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

- Election of Officers
- Disclosure Forms
- By-Laws Review
- Quarterly Noise Program Update
- Aviation Capital Improvement Program

FEBRUARY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29			

MARCH						
S	M	T	W	T	F	S
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11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

- Aviation Enterprise Fund Five-Year Financial Plan

APRIL						
S	M	T	W	T	F	S
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

- Quarterly Noise Program Update
- Risk Management Insurance Update

MAY						
S	M	T	W	T	F	S
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6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

JUNE						
S	M	T	W	T	F	S
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

- CVB Update

JULY						
S	M	T	W	T	F	S
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

- Quarterly Noise Program Update

AUGUST						
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19	20	21	22	23	24	25
26	27	28	29	30	31	

SEPTEMBER						
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

- Chamber Update

OCTOBER						
S	M	T	W	T	F	S
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

- Quarterly Noise Program Update

NOVEMBER						
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11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

- AZ Business Aviation Assn. Update

DECEMBER						
S	M	T	W	T	F	S
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					